

SIYATHEMBA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

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GENERAL INFORMATION

P. Papier	Speaker
G.P. Mackay	Councillors
F.M. Van Wyk	Councillors
J. Molepe	Councillors
G.A. Speelman	Councillors
E. Martin	Councillors
G. Macdonald	Councillors
B.A. Titus	Councillors
Grade of Local Authority	Category B
Auditors	Office of the Auditor General
Bankers	ABSA Bank
Legal Advisors	Du Toit Attorneys
Registered Office	Siyathemba Municipality Victoria street Prieska 8940
Postal Offices	P.O Box 16 Prieska 8940
General Contacts	
Telephone number	+2753 353 5300
Telephone number	+2753 353 1386
JRM Alexander	Municipal Manager
J Badenhorst	Manager: Technical services

APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on the attached pages, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr JRM Alexander
MUNICIPAL MANAGER

31 August 2014
DATE

SIYATHEMBA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Siyathemba Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2012/13 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2014 indicates an increase in Net Assets, an increase in Non-current Liabilities and a decrease in Current Liabilities.

The decrease in Net Assets is ascribed primarily to the decrease in Accumulated Surplus as a result of the loss generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Landfillsites provision. The increase in Current Liabilities is primarily as a result of the increase in Accounts Payables.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2014	2013
Surplus / (Deficit) before Appropriations	(7,324,725)	(4,697,114)
Surplus / (Deficit) at the end of the Year	427,462,488	434,787,213
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	33.72%	35.66%
Remuneration of Councillors	2.23%	2.37%
Collection Costs	0.04%	0.00%
Depreciation and Amortisation	18.74%	20.10%
Impairment Losses	9.00%	7.67%
Repairs and Maintenance	4.83%	3.96%
Interest Paid	0.74%	1.25%
Bulk Purchases	14.88%	13.67%
Contracted Services	6.48%	4.39%
Grants and Subsidies Paid	0.08%	0.53%
General Expenses	9.26%	10.40%
Current Ratio:		
Trade Creditors Days	141	139
Debtors from Exchange Transactions Days	49	58

The extremely good ratio for Debtors Days, calculated on net Debtors, is because of bad debts in the amount of R28,939,547(2012/13: R23,174,370 written-off during the year under review and a substantial increase in the Provision for Impairment, which renders a favourable ratio for the year.

2.2 Performance Indicators:

INDICATOR	2014	2013
Financial Position		
Debtors Management:		
Outstanding Debtors to Revenue	12.08%	12.32%
Outstanding Service Debtors to Revenue	20.49%	22.83%
Liquidity Management:		
Liquidity Ratio	0.00	0.07
Liability Management:		
Capital Cost as percentage of Own Revenue	3.30%	6.43%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	0.00%
Borrowing as percentage of Total Capital Assets	0.33%	0.45%
Safety of Capital:		
Gearing	0.35%	0.48%
Financial Viability:		
Debt Coverage	58.33	24.46
Cost Coverage	0.00	0.02
Financial Performance		
Expenditure Management:		
Creditors to Cash and Investments	1699600.30%	722.02%
Capital Expenditure on Infrastructure to Total Capital Expenditure	66.88%	86.97%

A detailed ratio analysis, together with explanations, is included in Appendix "H".

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1)", "E (2)" and "E (3)".

The services offered by Siyathemba Local Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	265,473,498	243,167,696	9.17	-	100.00
Operating income for the year	83,130,957	77,708,899	6.98	96,590,197	(13.93)
Appropriations for the year	434,111,174	27,002,915	1,507.65	-	100.00
	782,715,629	347,879,510	125.00	96,590,197	710.35
Expenditure:					
Operating expenditure for the year	90,455,682	82,406,013	9.77	87,334,610	3.57
Sundry transfers	-	-	-	-	-
Closing surplus / (deficit)	522,946,231	265,473,498	96.99	9,255,587	5,550.06
	613,401,914	347,879,510	76.33	96,590,197	535.06
	169,313,715				

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	43,965,932	36,521,476	20.38	54,254,947	(18.96)
Expenditure	62,319,637	57,918,433	7.60	50,331,922	23.82
Surplus / (Deficit)	(18,353,705)	(21,396,957)	(14.22)	3,923,025	(567.85)
Surplus / (Deficit) as % of total income	(41.75)%	(58.59)%		7.23%	

Variance from 2012/13 actual:

The 20.38% increase on last year's actual revenue is primarily as a result of the increase in tariffs. The 7.60% increase on last year's actual expenditure is primarily as a result of an increase in inflation prices for service delivery.

Variance from 2013/14 budget:

The 18.96% decrease on the reporting years budget is primarily as a result of debtors not paying for services and less income being generated. The -23.82% decrease on last year's actual expenditure is primarily as a result of financial constraints.

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	8,754,404	8,134,225	7.62	9,991,143	(12.38)
Expenditure	7,543,206	6,813,105	10.72	10,911,942	(30.87)
Surplus / (Deficit)	1,211,198	1,321,120	(8.32)	(920,799)	(231.54)
Surplus / (Deficit) as % of total income	13.84%	16.24%		(9.22)%	

Variance from 2012/13 actual:

The -7.62% decrease on last year's actual revenue is primarily as a result of the poor payment for waste removal by debtors. The 10.72% increase on last year's actual expenditure is primarily as a result of an increase in petrol prices, higher inflation, etc. experienced due to the year.

Variance from 2013/14 budget:

The 12.38% is as a result of income forgone not taken into account. The 30.87% decrease on last year's actual expenditure is primarily as a result of budgetary constraints to financial climate.

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R13,089,014 (2013: R11,070,671). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	15,918,691	14,946,376	6.51	23,275,800	(31.61)
Expenditure	15,276,936	13,306,885	14.80	20,107,363	(24.02)
Surplus / (Deficit)	641,755	1,639,491	(60.86)	3,168,437	(79.75)
Surplus / (Deficit) as % of total income	4.03%	10.97%		13.61%	

Variance from 2012/13 actual:

The 6.51% increase on last year's actual revenue is primarily as a result of tariff increases. The 14.80% increase on last year's actual expenditure is primarily as a result of increased departmental chargeouts to other services.

Variance from 2013/14 budget:

The 31.61% decrease on the reporting years budget is primarily as a result of less repairs and maintenance work being carried out. The 24.02% decrease on the reporting years budget is primarily as a result of less repairs and maintenance being carried out due to financial climate.

3.5 Water Services:

Water is bought in bulk from DWA and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R368,478 (2013: R191,559). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	14,491,930	18,065,576	(19.78)	9,008,308	60.87
Expenditure	5,315,903	4,367,589	21.71	5,983,384	(11.16)
Surplus / (Deficit)	9,176,027	13,697,988	(33.01)	3,024,924	203.35
Surplus / (Deficit) as % of total income	63.32%	75.82%		33.58%	

Variance from 2012/13 actual:

The 19.78% decrease on last year's actual revenue is primarily as a result of poor payment for water. The -21.71% decrease on last year's actual expenditure is primarily as a result of increased in the provision of water services.

Variance from 2013/14 budget:

The -60.87% increase on the reporting years budget is primarily as a result of a increase in water consumption. The 11.16% decrease on the reporting years budget is primarily as a result of the financial climate.

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R17,986,068 (2012/13: R18,334,198). Full details of Assets are disclosed in Notes 9, 10, 11, 12 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R17,986,068 was financed as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
External Loans	518,433	-	100.00	-	100.00
Finance Leases	-	-	-	-	-
Grants and Subsidies	-	-	-	34,200,000	(100.00)
Public Contributions	-	-	-	-	-
Own Funds (Accumulated Surplus)	25,870,324	17,838,289	45.03	-	100.00
	26,388,757	17,838,289	47.93	34,200,000	(22.84)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2014	2013
Grants and Subsidies	100.00%	100.00%
Own Funds (Accumulated Surplus)	-	-
	100.00%	100.00%

Capital Assets are funded to a great extent from grants and subsidies as the municipality does not have the financial resources to finance infrastructure capital expenditure from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2014	2013
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	9,255,587	164,354,850
Revenue variances	(13,459,240)	(571,963,678)
Expenditure variances:		
Employee Related Costs	5,349,218	123,478,547
Remuneration of Councillors	360,168	12,534,478
Collection Costs	(6,045)	98,911
Depreciation and Amortisation	(6,365,823)	27,625,283
Impairment Losses	(4,973,770)	25,871,685
Repairs and Maintenance	(1,421,364)	63,155,345
Interest Paid	96,966	(1,033,635)
Bulk Purchases	4,226,458	94,937,770
Contracted Services	(1,986,742)	10,211,128
Grants and Subsidies Paid	(70,605)	28,747,296
General Expenses	1,678,036	17,284,906
Loss on disposal of Property, Plant and Equipment	(7,571)	-
Actual surplus before appropriations	(7,324,725)	(4,697,114)

DETAILS	2014	2013
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	9,255,587	(10,949,200)
Executive and Council	(7,262,109)	(4,172,116)
Finance and Administration	(3,465,325)	(16,186,772)
Planning and Development	(399)	-
Health	(1,148)	15,000
Community and Social Services	449,606	557,800
Housing	(60,000)	(8,755)
Public Safety	(8,443)	(7,003)
Sport and Recreation	306,833	(546,098)
Environmental Protection	9,206	(631)
Waste Management	2,131,997	195,519
Roads and Transport	(13,608,702)	12,475,672
Water	6,151,103	10,411,152
Electricity	(2,526,682)	109,288
Other	1,303,752	3,409,029
Actual surplus before appropriations	(7,324,725)	(4,697,114)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Variance actual 2013/14 / 2012/13 R	Budgeted 2013/14 R	Variance actual/ budgeted R
Executive and Council	275,972	-	275,972	-	275,972
Finance and Administration	56,000	-	56,000	-	56,000
Planning and Development	-	-	-	-	-
Community and Social Services	-	-	-	-	-
Housing	-	2,136,325	(2,136,325)	13,500,000	(13,500,000)
Public Safety	-	-	-	-	-
Sport and Recreation	-	-	-	-	-
Environmental Protection	-	-	-	-	-
Waste Management	5,670,073	15,701,964	(10,031,891)	11,858,450	(6,188,377)
Roads and Transport	6,980,606	-	6,980,606	4,541,550	2,439,056
Water	10,121,125	-	10,121,125	-	10,121,125
Electricity	3,284,981	-	3,284,981	4,300,000	(1,015,019)
Other	-	-	-	-	-
	26,388,757	17,838,289	8,550,468	34,200,000	(7,811,243)

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R427,462,488 (30 June 2013: R434,787,213) and is made up as follows:

Accumulated Surplus	<u>427,462,488</u>
	<u>427,462,488</u>

Refer to Note 23 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R1,512,512 (30 June 2013: R2,081,336).

Refer to Note 20 and Appendix "A" for more detail.

8. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R11,060,297 as at 30 June 2014 (30 June 2013: R11,080,752) and is made up as follows:

Post-retirement Health Care Benefits Liability	7,090,496
Long Service Awards Liability	2,966,536
Ex Gratia Pension Liability	<u>1,003,265</u>
	<u>11,060,297</u>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

The Ex Gratia Pension Liability is an estimate of the pension amount that will be paid out by the Municipalities to employees that qualify for this benefit. This liability is unfunded.

Refer to Note 21 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R5,377,889 as at 30 June 2014 (30 June 2013: R4,028,170) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	5,377,889
	<u>5,377,889</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 22 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R26,947,721 as at 30 June 2014 (30 June 2013: R22,851,774) and is made up as follows:

Consumer Deposits	Note 14	601,415
Provisions	Note 15	365,550
Payables from Exchange Transactions	Note 16	13,596,802
Payables from Non-exchange Transactions	Note 17	9,250,421
Unspent Conditional Grants and Receipts	Note 18	414,178
VAT Payable	Note 19	1,544,014
Bank Overdraft	Note 6	604,993
Current Portion of Long-term Liabilities	Note 20	<u>570,347</u>
		<u>26,947,721</u>

Current Liabilities are those liabilities of the Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the Municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R437,953,208 as at 30 June 2014 (30 June 2013: R437,133,101).

Refer to Note 9 and Appendices "B, C and E (4)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R1,415,056 as at 30 June 2014 (30 June 2013: R1,415,120).

Intangible Assets are assets which cannot physically be identified/verified and relates to computer software obtained by the Municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

13. INVESTMENT PROPERTY

The net value of Investment Properties were R25,584,000 as at 30 June 2014 (30 June 2013: R25,584,000).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 11 and Appendix "B" for more detail.

14. HERITAGE ASSETS

The net value of Heritage Assets were R0 as at 30 June 2014 (30 June 2013: R0).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 12 and Appendix "B" for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R23,590 at 30 June 2014 (30 June 2013: R45,446) is made up as follows:

Debtors Capitalised Loans	-
Housing Loans	30,008
Vehicle Loans	(0)
	<u>30,008</u>
Less: Short-term portion included in Current Assets	<u>6,418</u>
	<u>23,590</u>

The decrease in the amount for Long-term Receivables is due to the increase in payments for housing loans.

Refer to Note 13 for more detail.

16. CURRENT ASSETS

Current Assets amounted R7,385,052 as at 30 June 2014 (30 June 2013: R10,651,577) and is made up as follows:

Inventories	Note 2	479,434
Receivables from Exchange Transactions	Note 3	4,365,815
Receivables from Non-exchange Transactions	Note 4	2,510,821
VAT Receivable	Note 5	-
Cash and Cash Equivalents	Note 6	800
Operating Lease Assets	Note 7	21,764
Current Portion of Long-term Debtors	Note 13	<u>6,418</u>
		<u>7,385,052</u>

The increase in the amount for Current Assets is mainly due to the decreased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 18 and 28, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 62.

19. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



ACTING CHIEF FINANCIAL OFFICER

Mr S Hassen

31 August 2014

SIYATHEMBA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

		Actual	
	Note	2014	2013
		R	Restated R
ASSETS			
Current Assets		7,385,052	10,651,577
Inventories	2	479,434	610,455
Receivables from Exchange Transactions	3	4,365,815	4,116,645
Receivables from Non-exchange Transactions	4	2,510,821	2,082,950
VAT Receivable	5	-	348,289
Cash and Cash Equivalents	6	800	1,620,941
Operating Lease Receivables	7	21,764	18,060
Unspent Conditional Grants and Receipts	18	-	1,837,250
Current Portion of Long-term Receivables	8	6,418	16,987
Non-Current Assets		464,975,854	464,177,667
Property, Plant and Equipment	9	437,953,208	437,133,101
Intangible Assets	10	1,415,056	1,415,120
Investment Property	11	25,584,000	25,584,000
Heritage Assets	13	-	-
Long-term Receivables	13	23,590	45,446
Total Assets		472,360,906	474,829,244
LIABILITIES			
Current Liabilities		26,947,721	22,851,774
Consumer Deposits	14	601,415	548,301
Provisions	15	365,550	415,916
Payables from Exchange Transactions	16	13,596,802	11,703,596
Payables from Non-exchange Transactions	17	9,250,421	6,783,776
Unspent Conditional Grants and Receipts	18	414,178	2,880,228
VAT Payable	19	1,544,014	-
Bank Overdraft	6	604,993	-
Current Portion of Long-term Liabilities	20	570,347	519,957
Non-Current Liabilities		17,950,698	17,190,258
Long-term Liabilities	20	1,512,512	2,081,336
Employee Benefit Liabilities	21	11,060,297	11,080,752
Non-current Provisions	22	5,377,889	4,028,170
Total Liabilities		44,898,419	40,042,031
Total Assets and Liabilities		427,462,488	434,787,213
NET ASSETS		427,462,488	434,787,213
Accumulated Surplus / (Deficit)	23	427,462,488	434,787,213
Total Net Assets		427,462,488	434,787,213

SIYATHEMBA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

		Actual	
	Note	2014	2013
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	24	7,696,812	5,129,933
Fines	25	32,010	53,713
Licences and Permits	26	100	593
Income from Agency Services	27	1,055,429	920,417
Government Grants and Subsidies Received	28	47,132,924	46,977,530
Public Contributions and Donations	29	14,912	1,500
Revenue from Exchange Transactions			
Service Charges	30	24,517,904	20,875,082
Rental of Facilities and Equipment	31	730,173	622,264
Interest Earned - External Investments	32	98,482	313,906
Interest Earned - Outstanding Debtors	32	641,156	596,700
Other Revenue	33	1,211,055	2,217,260
Total Revenue		83,130,957	77,708,899
EXPENDITURE			
Employee Related Costs	34	30,499,201	29,386,042
Remuneration of Councillors	35	2,020,672	1,949,332
Collection Costs	36	36,045	1,089
Depreciation and Amortisation	37	16,953,733	16,565,755
Impairment Losses	38	8,139,060	6,322,195
Repairs and Maintenance	39	4,364,864	3,260,399
Finance Costs	40	669,785	1,033,635
Bulk Purchases	41	13,457,492	11,262,230
Contracted Services	42	5,861,742	3,616,881
Grants and Subsidies Paid	43	70,605	438,257
General Expenses	44	8,374,914	8,570,198
Loss on Disposal of Property, Plant and Equipment	45	7,571	-
Total Expenditure		90,455,682	82,406,013
SURPLUS / (DEFICIT) FOR THE YEAR		(7,324,725)	(4,697,114)
Refer to Budget Statement for explanation of budget variances			

SIYATHEMBA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
2013			
Balance at 30 June 2012	-	243,167,696	243,167,696
Correction of Error (Note 47)	-	196,316,630	196,316,630
Restated Balance	-	439,484,327	439,484,327
Surplus / (Deficit) for the year		(4,697,114)	(4,697,114)
Balance at 30 June 2013	-	434,787,213	434,787,213
		0.00	0.00
2014			
Change in Accounting Policy (Note 46)		-	-
Correction of Error (Note 47)		-	-
Restated Balance	-	434,787,213	434,787,213
Surplus / (Deficit) for the year		(7,324,725)	(7,324,725)
Balance at 30 June 2014	-	427,462,488	427,462,488
	-	(0.00)	(0.00)

Details on the movement of the Funds and Reserves are set out in Note 23.

SIYATHEMBA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

		Actual	
	Note	2014	2013
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		5,858,629	4,763,801
Government Grant and Subsidies		46,504,125	46,938,965
Public Contributions and Donations		14,912	1,500
Service Charges		17,754,950	13,611,071
Interest Received		98,482	313,906
Other Receipts		4,016,855	3,941,450
Payments			
Employee Related Costs		(30,469,265)	(28,295,535)
Remuneration of Councillors		(2,020,672)	(1,949,332)
Interest Paid		(669,785)	(1,033,635)
Suppliers Paid		(20,115,857)	(12,894,088)
Other Payments		(4,765,955)	(5,906,601)
NET CASH FLOWS FROM OPERATING ACTIVITIES		16,206,419	19,491,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(17,979,493)	(18,326,018)
Purchase of Intangible Assets		(6,575)	(8,180)
Proceeds on Disposal of Property, Plant and Equipment		(0)	-
Decrease / (Increase) in Long-term Receivables		19,835	16,987
NET CASH FLOWS FROM INVESTING ACTIVITIES		(17,966,233)	(18,317,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Consumer Deposits		53,114	64,867
Repayment of Borrowings		(518,433)	(942,278)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(465,320)	(877,411)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,225,134)	296,880
Cash and Cash Equivalents at Beginning of Period		1,620,941	1,324,061
Cash and Cash Equivalents at End of Period		(604,193)	1,620,941

SIYATHEMBA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	331,649	168,351	500,000	-	-	500,000	479,434	-	(20,566)	95.89	144.56
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	47,838,965	(35,849,753)	11,989,212	-	-	11,989,212	4,365,815	-	(7,623,397)	36.41	9.13
Receivables from Non-exchange Transactions	14,741,059	(13,741,105)	999,954	-	-	999,954	2,510,821	-	1,510,867	251.09	17.03
VAT Receivable	-	-	-	-	-	-	-	-	-	0.00	0.00
Cash and Cash Equivalents	800	-	800	-	-	800	800	-	-	100.00	100.00
Operating Lease Receivables	-	-	-	-	-	-	21,764	-	21,764	0.00	0.00
Current Portion of Long-term Receivables	24,716	(10,000)	14,716	-	-	14,716	6,418	-	(8,298)	43.61	25.97
Non-Current Assets											
Property, Plant and Equipment	342,559,956	(66,344,588)	276,215,368	-	-	276,215,368	437,953,208	-	161,737,841	158.55	127.85
Intangible Assets	32,387	(32,387)	-	-	-	-	1,415,056	-	1,415,056	0.00	4,369.27
Investment Property	-	-	-	-	-	-	25,584,000	-	25,584,000	0.00	0.00
Heritage Assets	-	-	-	-	-	-	-	-	-	0.00	0.00
Long-term Receivables	66,000	(28,205)	37,795	-	-	37,795	23,590	-	(14,205)	62.42	35.74
Total Assets	405,595,531	(115,837,686)	289,757,844	-	-	289,757,844	472,360,906	-	182,603,062	163.02	116.46
Current Liabilities											
Consumer Deposits	340,000	210,000	550,000	-	-	550,000	601,415	-	51,415	109.35	176.89
Provisions	30,000	389,998	419,998	-	-	419,998	365,550	-	(54,448)	87.04	1,218.50
Payables from Exchange Transactions	21,018,196	(8,518,000)	12,500,196	-	-	12,500,196	13,596,802	-	1,096,606	108.77	64.69
Payables from Non-exchange Transactions	-	-	-	-	-	-	9,250,421	-	9,250,421	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	414,178	-	414,178	0.00	0.00
VAT Payable	-	-	-	-	-	-	1,544,014	-	1,544,014	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	604,993	-	604,993	0.00	0.00
Current Portion of Long-term Liabilities	415,423	105,000	520,423	-	-	520,423	570,347	-	49,924	109.59	137.29
Non-Current Liabilities											
Long-term Liabilities	1,419,915	141,379	1,561,294	-	-	1,561,294	1,512,512	-	(48,782)	96.88	106.52
Retirement Benefit Liabilities	14,275,053	8,326,653	22,601,706	-	-	22,601,706	11,060,297	-	(11,541,409)	48.94	77.48
Non-current Provisions	-	-	-	-	-	-	5,377,889	-	5,377,889	0.00	0.00
Total Liabilities	37,498,587	655,030	38,153,617	-	-	38,153,617	44,898,419	-	6,744,802	117.68	119.73
Total Assets and Liabilities	368,096,944	(116,492,716)	251,604,228	-	-	251,604,228	427,462,488	-	175,858,260	169.89	116.13
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	368,096,944	(122,792,717)	245,304,227	-	-	245,304,227	427,462,488	-	182,158,260	174.26	116.13
Total Net Assets	368,096,944	(122,792,717)	245,304,227	-	-	245,304,227	427,462,488	-	182,158,260	174.26	116.13
		6,300,000	6,300,000			6,300,000	(0)		(6,300,001)		

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

Split between exchange and non-exchange incorrectly budgeted for.

Receivables from Non-exchange Transactions:

Under budgeted for Assessment Rates Debtors.

Operating Lease Receivables:

Did not budget for Lease Receivables.

Current Portion of Long-term Receivables:

Over budgeted for Arrangement Debtors.

Property, Plant and Equipment:

New asset register was completed and therefore the under budgeting.

Intangible Assets:

New asset register was completed and therefore the under budgeting.

Investment Property:

New asset register was completed and therefore the under budgeting.

Long-term Receivables:

Over budgeted for housing loans

Consumer Deposits:

Under budgeted for consumer deposits.

Provisions:

Short term portion of the long service awards was incorrectly budgeted for.

Payables from Non-exchange Transactions:

Did not budget for Payables from Non-exchange Transactions.

Unspent Conditional Grants and Receipts:

Did not budget for Roll-over Projects funded from Grants.

VAT Payable:

Municipality did not know if VAT would be payable or receiveable therefore it was not budgeted for.

Retirement Benefit Liabilities:

Over budgeted for Provision for Retirement Benefit Liabilities.

Non-current Provisions:

Did not budget for Non-current Provisions.

Accumulated Surplus / (Deficit):

Inclusion of the assets led to an Increase in the surplus originally budgeted for.

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	8,024,972	(78,365)	7,946,607	-	-	7,946,607	7,696,812	-	(249,795)	96.86	95.91
Fines	146,000	(95,000)	51,000	-	-	51,000	32,010	-	(18,990)	62.77	21.92
Licences and Permits	-	-	-	-	-	-	100	-	100	0.00	0.00
Income for Agency Services	983,000	-	983,000	-	-	983,000	1,055,429	-	72,429	107.37	107.37
Government Grants and Subsidies Received	39,541,000	15,646,518	55,187,518	-	-	55,187,518	28,368,481	-	(26,819,037)	51.40	71.74
Public Contributions and Donations	-	20,000	20,000	-	-	20,000	14,912	-	(5,088)	74.56	0.00
Revenue from Exchange Transactions											
Service Charges	38,709,050	(11,072,877)	27,636,173	-	-	27,636,173	24,517,904	-	(3,118,269)	88.72	63.34
Rental of Facilities and Equipment	800,500	22,500	823,000	-	-	823,000	730,173	-	(92,827)	88.72	91.21
Interest Earned - External Investments	350,000	-	350,000	-	-	350,000	98,482	-	(251,518)	28.14	28.14
Interest Earned - Outstanding Debtors	320,000	180,000	500,000	-	-	500,000	641,156	-	141,156	128.23	200.36
Other Income	4,027,900	(935,000)	3,092,900	-	-	3,092,900	1,211,055	-	(1,881,845)	39.16	30.07
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Revenue	92,902,422	3,687,776	96,590,197	-	-	96,590,197	64,366,514	-	(32,223,683)	66.64	69.28
Expenditure											
Employee Related Costs	36,207,600	(359,181)	35,848,419	-	-	35,848,419	30,499,201	-	(5,349,218)	85.08	84.23
Remuneration of Councillors	2,380,840	-	2,380,840	-	-	2,380,840	2,020,672	-	(360,168)	84.87	84.87
Collection Costs	30,000	-	30,000	-	-	30,000	36,045	6,045	6,045	120.15	120.15
Depreciation and Amortisation	10,587,910	-	10,587,910	-	-	10,587,910	16,953,733	6,365,823	6,365,823	160.12	160.12
Impairment Losses	3,165,290	-	3,165,290	-	-	3,165,290	8,139,060	4,973,770	4,973,770	257.13	257.13
Repairs and Maintenance	3,690,000	(746,500)	2,943,500	-	-	2,943,500	4,364,864	1,421,364	1,421,364	148.29	118.29
Finance Costs	756,751	10,000	766,751	-	-	766,751	669,785	-	(96,966)	87.35	88.51
Bulk Purchases	17,683,950	-	17,683,950	-	-	17,683,950	13,457,492	-	(4,226,458)	76.10	76.10
Contracted Services	7,843,000	(3,968,000)	3,875,000	-	-	3,875,000	5,861,742	1,986,742	1,986,742	151.27	74.74
Grants and Subsidies Paid	7,229,072	(7,229,072)	-	-	-	-	70,605	70,605	70,605	0.00	0.98
General Expenses	15,941,450	(5,888,500)	10,052,950	-	-	10,052,950	8,374,914	-	(1,678,036)	83.31	52.54
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	7,571	7,571	7,571	0.00	0.00
Total Expenditure	105,515,863	(18,181,253)	87,334,610	-	-	87,334,610	90,455,682	14,831,919	3,121,072	103.57	85.73
Surplus/(Deficit)	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(26,089,168)	(14,831,919)	(35,344,756)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	18,764,443	18,764,443	18,764,443	0.00	0.00
Surplus/(Deficit for the Year)	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(7,324,725)	3,932,524	(16,580,312)	-	-

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Fines:

Fines issued/paid over estimated for budgeting purposes

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Public Contributions and Donations:

Less received than what was expected during the budget.

Service Charges:

Over estimation of the service charges during the budget process.

Rental of Facilities and Equipment:

Less income received as facilities were rented out less due to renovations during the year.

Interest Earned - External Investments:

Less interested due to financial position of the municipality.

Interest Earned - Outstanding Debtors:

It was budgeted only for the portion of interest expected to be paid by debtors.

Other Income:

Other income became less due the economic slump experienced in the country.

Employee Related Costs:

Decrease in the number employees during the year.

Remuneration of Councillors:

Increases less than what was budgeted for.

Collection Costs:

The amount is not material.

Depreciation and Amortisation:

Depreciation and Amortisation increased beyond budgetary expectations because of the review of remaining useful lives of assets.

Impairment Losses:

Under budgeted for Impairment Losses on Receivables.

Repairs and Maintenance:

Increases due to the poor state of vehicles and an increase in petrol prices.

Finance Costs:

Under budgeted for Financing of loans.

Bulk Purchases:

Budgeted amount due to less usage by consumers.

Contracted Services:

Under Budgeting for Services contracted out.

Grants and Subsidies Paid:

Over budgeted for Indigent Subsidies paid.

General Expenses :

Under budgeted for General Expenses.

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	-	-	-	-	-	-	275,972	275,972	275,972	0.00	0.00
Finance and Administration	-	-	-	-	-	-	56,000	56,000	56,000	0.00	0.00
Planning and Development	-	-	-	-	-	-	-	-	-	0.00	0.00
Health	-	-	-	-	-	-	-	-	-	0.00	0.00
Community and Social Services	-	-	-	-	-	-	-	-	-	0.00	0.00
Housing	-	13,500,000	13,500,000	-	-	13,500,000	-	-	(13,500,000)	0.00	0.00
Public Safety	-	-	-	-	-	-	-	-	-	0.00	0.00
Sport and Recreation	-	-	-	-	-	-	-	-	-	0.00	0.00
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00
Waste Management	11,858,450	-	11,858,450	-	-	11,858,450	5,670,073	-	(6,188,377)	47.81	47.81
Roads and Transport	4,541,550	-	4,541,550	-	-	4,541,550	6,980,606	2,439,056	2,439,056	153.71	153.71
Water	-	-	-	-	-	-	10,121,125	10,121,125	10,121,125	0.00	0.00
Electricity	6,635,000	(2,335,000)	4,300,000	-	-	4,300,000	3,284,981	-	(1,015,019)	76.39	49.51
Other	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	12,892,153	(7,811,243)	77.16	114.56
						34,200,000.00	8,402,688.69				
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual											
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:											
Executive and Council: New asset register was completed and therefore the under budgeting.											
Finance and Administration: New asset register was completed and therefore the under budgeting.											
Waste Management: RBIG Not budgeted correctly.											
Roads and Transport: Overspending on roads project											
Water: DWA grant Not budgeted correctly.											
Electricity: Underspending on Electricity grant											

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	8,024,972	(78,365)	7,946,607	-	-	7,946,607	5,858,629	-	(2,087,978)	73.72	73.00
Grants	46,098,000	9,110,000	55,208,000	-	-	55,208,000	46,504,125	-	(8,703,875)	84.23	100.88
Public Contributions and Donations	-	-	-	-	-	-	14,912	14,912	14,912	0.00	0.00
Service Charges	31,303,712	1,282,365	32,586,077	-	-	32,586,077	17,754,950	-	(14,831,127)	54.49	56.72
Interest Received	350,000	500,000	850,000	-	-	850,000	98,482	-	(751,518)	11.59	28.14
Other Receipts	-	-	-	-	-	-	4,016,855	4,016,855	4,016,855	0.00	0.00
Employee Related Costs	(36,207,600)	359,181	(35,848,419)	-	-	(35,848,419)	(30,469,265)	5,379,154	5,379,154	0.00	0.00
Remuneration of Councillors	(2,380,840)	-	(2,380,840)	-	-	(2,380,840)	(2,020,672)	360,168	360,168	0.00	0.00
Interest Paid	(1,376,440)	1,376,440	-	-	-	-	(669,785)	-	(669,785)	0.00	0.00
Suppliers Paid	(41,051,480)	17,270,259	(23,781,221)	-	-	(23,781,221)	(20,115,857)	3,665,364	3,665,364	0.00	0.00
Other Payments	(813,000)	813,000	-	-	-	-	(4,765,955)	-	(4,765,955)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(23,035,000)	(11,165,000)	(34,200,000)	-	-	(34,200,000)	(17,979,493)	16,220,507	16,220,507	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	(6,575)	-	(6,575)	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	-	-	-	0.00	0.00
Decrease / (Increase) in Long-term Receivables	3,000	(3,000)	-	-	-	-	19,835	19,835	19,835	0.00	661.16
Cash Flows from/(used in) Financing Activities											
New Loans raised	-	-	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	(361,237)	361,237	-	-	-	-	(518,433)	-	(518,433)	0.00	0.00
Cash and Cash Equivalents at End of the Year	(19,445,913)	19,826,117	380,204	-	-	380,204	(2,278,248)	29,676,795	(2,658,451)	0.00	0.00
						2,000,880	(53,114)				

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates

Budget not aligned to GRAP requirements - Service Charges below included in Property Rates.

Public Contributions and Donations

Service Charges

Service charges not properly budgeted for.

Interest Received

Less interest due to financial constraints experienced.

Other Receipts

Classification of other receipts differed to budget.

Employee Related Costs

Decrease in the number of employees and lower level of increase percentage in salaries.

Remuneration of Councillors

Lower level of increase in councillor remuneration than what was budgeted for.

Interest Paid

Higher costs due to incorrect budgeting for financing of loans.

Suppliers Paid

Higher costs due to incorrect budgeting for suppliers paid

Other Payments

It was not budgeted for the effect of changes in outstanding payables.

Purchase of Property, Plant and Equipment:

New asset register implemented during the compilation of the AFS.

Purchase of Intangible Assets:

New asset register implemented during the compilation of the AFS.

Decrease / (Increase) in Long-term Receivables:

Did not budget for the change in Long-term Receivables.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial

1.2.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on Financial Assets Classification and Accounting Policy 7.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.2.3 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

The total increase in estimation of the impairment of Receivables from Exchange Transactions, Receivables from Non-exchange Transactions and that of Long-term Receivables are disclosed in Notes 3, 4 and 13 to the Annual Financial Statements.

1.2.4 Fair Value Estimations

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

1.2.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, 3.2 and 4.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventories

Accounting Policy 6 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 8.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 2, 9, 10, 11 and 12 to the Annual Financial Statements, if applicable.

1.2.7 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 8.2.2.

1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.2.9 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.10 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Receivables

The Minister of Finance announced that the application of GRAP 25 will be effective for the period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

2.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Buildings		Community	
Improvements	5 - 50	Community Facilities	5 - 50
		Recreational Facilities	10 - 40
Infrastructure		Other	
Electricity	10 - 50	Computer Equipment	5 - 10
Railways	30	Emergency Equipment	5 - 10
Roads and Paving	5 - 80	Furniture and Fittings	5 - 15
Sanitation	10 - 55	Motor Vehicles	7 - 10
Sewerage / Solid Waste	5 - 80	Office Equipment	5 - 15
Water	5 - 80	Plant and Equipment	2 - 15
		Specialist Vehicles	10 - 15
		Other Assets	5 - 15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

2.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.7 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- (a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
- (b) Management intends to complete the Intangible Asset and use or sell it;
- (c) There is an ability to use or sell the Intangible Asset;
- (d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- (f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

SIYATHEMBA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	4			

Intangible Assets are annually tested for impairment as described in Accounting Policy 6 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

- (a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- (b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- (d) A property owned by the municipality and leased out at a below market rental; and
- (e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

Siyathemba Municipality (the municipality) is a local government institution, Northern Cape Province, and is one of nine local municipalities under the jurisdiction of the Pixley ka Seme District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2014	2013
	R	R
Maintenance Materials	403,891	562,869
Water	75,543	47,585
Total Inventories	479,434	610,455

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water production for the year amounted to R4,10 per kilolitre (2013: R3,90 per kilolitre).

The cost of Inventories recognised as an expense during the period was R277 195 (2013: R74 630).

No Inventories have been pledged as collateral for Liabilities of the municipality.

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	30,130,387	25,764,571	4,365,815
Electricity	2,079,619	682,543	1,397,076
Refuse	2,443,445	2,161,063	282,382
Sewerage	8,258,143	6,903,038	1,355,106
Water	17,349,180	16,017,928	1,331,252
Other Receivables	3,174,976	3,174,976	0
Housing	44,682	-	44,682
Other Debtors	3,130,295	3,174,976	(44,681)
Total Receivables from Exchange Transactions	33,305,363	28,939,547	4,365,815
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Service Debtors:	24,615,741	20,803,575	3,812,166
Electricity	2,066,721	593,798	1,472,923
Refuse	2,038,509	1,778,056	260,453
Sewerage	7,628,606	6,827,515	801,091
Water	12,881,905	11,604,206	1,277,699
Other Receivables	2,675,274	2,370,794	304,480
Housing	33,763	-	33,763
Other Debtors	2,641,511	2,370,794	270,717
Total Receivables from Exchange Transactions	27,291,015	23,174,370	4,116,645

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2014, the municipality is owed R541,010 (30 June 2013: R590,677) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2014

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Electricity:					
Gross Balances	1,053,461	138,966	76,397	810,796	2,079,619
Less: Provision for Impairment	960	845	2,143	678,595	682,543
Net Balances	1,052,501	138,121	74,254	132,201	1,397,076
Refuse:					
Gross Balances	102,333	74,532	72,325	2,194,255	2,443,445
Less: Provision for Impairment	627	1,693	2,132	2,156,611	2,161,063
Net Balances	101,706	72,839	70,194	37,644	282,382
Sewerage:					
Gross Balances	277,836	141,236	117,260	7,721,811	8,258,143
Less: Provision for Impairment	1,734	3,819	4,625	6,892,860	6,903,038
Net Balances	276,102	137,417	112,636	828,952	1,355,106
Water:					
Gross Balances	677,763	482,225	485,239	15,703,953	17,349,180
Less: Provision for Impairment	116,510	271,736	300,139	15,329,544	16,017,928
Net Balances	561,254	210,489	185,100	374,409	1,331,252
Other Receivables:					
Gross Balances	760,450	409,278	380,229	1,625,019	3,174,976
Less: Provision for Impairment	760,450	409,278	380,229	1,625,019	3,174,976
Net Balances	0	(0)	(0)	0	0

As at 30 June Receivables of R2,374,254 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:				
Gross Balances	1,246,236	1,131,450	28,055,834	30,433,520
Less: Provision for Impairment	687,371	689,267	26,682,628	28,059,266
Net Balances	558,865	442,183	1,373,205	2,374,254

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

As at 30 June 2013

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	963,845	159,921	126,627	816,328	2,066,721
Less: Provision for Impairment	2,514	2,902	7,004	581,377	593,798
Net Balances	961,331	157,019	119,623	234,951	1,472,923
Refuse:					
Gross Balances	99,993	54,230	50,382	1,833,904	2,038,509
Less: Provision for Impairment	332	1,539	1,975	1,774,211	1,778,056
Net Balances	99,661	52,691	48,407	59,693	260,453
Sewerage:					
Gross Balances	266,394	139,951	159,395	7,062,867	7,628,606
Less: Provision for Impairment	2,192	3,856	5,715	6,815,751	6,827,515
Net Balances	264,202	136,094	153,679	247,116	801,091
Water:					
Gross Balances	560,269	395,179	419,231	11,507,226	12,881,905
Less: Provision for Impairment	92,496	217,203	221,519	11,072,988	11,604,206
Net Balances	467,773	177,976	197,712	434,238	1,277,699
Other Receivables:					
Gross Balances	94,614	98,591	71,872	2,410,197	2,675,274
Less: Provision for Impairment	2,930	6,478	25,071	2,336,316	2,370,794
Net Balances	91,684	92,113	46,801	73,882	304,480

As at 30 June Receivables of R2,231,995 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	847,872	827,506	23,630,522	25,305,901
Less: Provision for Impairment	231,978	261,285	22,580,643	23,073,906
Net Balances	615,894	566,221	1,049,880	2,231,995

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2014				
<u>Current:</u>				
0 - 30 days	1,372,858	633,641	180,395	684,949
<u>Past Due:</u>				
31 - 60 Days	761,839	95,902	33,392	355,104
61 - 90 Days	711,368	73,428	17,517	329,136
+ 90 Days	26,077,930	1,675,214	206,458	96,232
Sub-total	28,923,994	2,478,185	437,763	1,465,421
Less: Provision for Impairment	26,458,099	1,520,035	-	961,414
Total Trade Receivables by Customer Classification	2,465,896	958,150	437,763	504,007

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2013				
<u>Current:</u>				
0 - 30 days	1,235,538	518,570	166,337	64,670
<u>Past Due:</u>				
31 - 60 Days	705,889	96,798	37,082	8,103
61 - 90 Days	658,627	138,760	24,299	5,820
+ 90 Days	21,837,965	1,366,659	259,711	166,187
Sub-total	24,438,019	2,120,787	487,429	244,780
Less: Provision for Impairment	21,484,849	1,300,819	228,110	160,592
Total Trade Receivables by Customer Classification	2,953,170	819,967	259,320	84,188
			2014	2013
			R	R

3.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	23,174,370	17,641,456
<i>All Consumer Debtors</i>	23,174,370	17,641,456
Impairment Losses recognised	6,463,361	5,532,913
<i>All Consumer Debtors</i>	6,463,361	5,532,913
Impairment Losses reversed	-	-
<i>All Consumer Debtors</i>	-	-
Amounts written off as uncollectable	(698,183)	-
<i>All Consumer Debtors</i>	(698,183)	-
Amounts recovered	-	-
<i>All Consumer Debtors</i>	-	-
Balance at end of year	28,939,547	23,174,370

In determining the recoverability of a Receivable, the municipality considers any change in the credit quality of the Receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector or geographical area. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding for longer than 120 days. No further credit provision is required in excess of the Provision for Impairment.

3.4 Ageing of impaired Receivables from Exchange Transactions

<u>Current:</u>		
0 - 30 Days	880,281	100,464
<u>Past Due:</u>		
31 - 60 Days	687,371	231,978
61 - 90 Days	689,267	261,285
+ 90 Days	26,682,628	22,580,643
Total	28,939,547	23,174,370
		(0.00)

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	12,459,156	10,568,029	1,891,127
Payments made in Advance	20,000	-	20,000
Sundry Deposits	26,389	25,033	1,356
Sundry Debtors	1,907,099	1,390,238	516,861
Suspense Accounts	41,546	21,889	19,657
Irregular Expenditure	61,820	-	61,820
Total Receivables from Non-exchange Transactions	14,516,009	12,005,189	2,510,821
As at 30 June 2013			
Assessment Rates Debtors	10,620,972	9,149,496	1,471,477
Payments made in Advance	20,000	-	20,000
Sundry Deposits	26,389	25,033	1,356
Sundry Debtors	1,900,319	1,390,238	510,081
Suspense Accounts	40,106	21,889	18,217
Irregular Expenditure	61,820	-	61,820
Total Receivables from Non-exchange Transactions	12,669,605	10,586,655	2,082,950

The average credit period for **Government Grants and Subsidies** is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Sundry Deposits are in respect of cash deposits made to Eskom for the supply of electricity.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2014

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	752,117	274,881	252,571	11,179,587	12,459,156
Less: Provision for Impairment	31,170	72,118	69,838	10,394,903	10,568,029
Net Balances	720,947	202,763	182,733	784,684	1,891,127
Payments made in Advance:					
Gross Balances	20,000	-	-	-	20,000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	20,000	-	-	-	20,000
Sundry Deposits:					
Gross Balances	26,389	-	-	-	26,389
Less: Provision for Impairment	25,033	-	-	-	25,033
Net Balances	1,356	-	-	-	1,356

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Sundry Debtors:

Gross Balances	1,907,099	-	-	-	1,907,099
Less: Provision for Impairment	1,390,238	-	-	-	1,390,238
Net Balances	516,861	-	-	-	516,861

Suspense Accounts:

Gross Balances	41,546	-	-	-	41,546
Less: Provision for Impairment	21,889	-	-	-	21,889
Net Balances	19,657	-	-	-	19,657

Irregular Expenditure:

Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

As at 30 June Receivables of R1,170,180 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	274,881	252,571	11,179,587	11,707,038
Less: Provision for Impairment	72,118	69,838	10,394,903	10,536,858
Net Balances	202,763	182,733	784,684	1,170,180

As at 30 June 2013

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Assessment Rates:

Gross Balances	647,639	190,772	118,617	9,663,945	10,620,972
Less: Provision for Impairment	18,050	40,254	19,980	9,071,211	9,149,496
Net Balances	629,588	150,517	98,637	592,734	1,471,477

Payments made in Advance:

Gross Balances	20,000	-	-	-	20,000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	20,000	-	-	-	20,000

Sundry Deposits:

Gross Balances	26,389	-	-	-	26,389
Less: Provision for Impairment	25,033	-	-	-	25,033
Net Balances	1,356	-	-	-	1,356

Sundry Debtors:

Gross Balances	1,900,319	-	-	-	1,900,319
Less: Provision for Impairment	1,390,238	-	-	-	1,390,238
Net Balances	510,081	-	-	-	510,081

Suspense Accounts:

Gross Balances	40,106	-	-	-	40,106
Less: Provision for Impairment	21,889	-	-	-	21,889
Net Balances	18,217	-	-	-	18,217

Irregular Expenditure:

Gross Balances	61,820	-	-	-	61,820
Less: Provision for Impairment	-	-	-	-	-
Net Balances	61,820	-	-	-	61,820

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

As at 30 June Receivables of R841,889 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	190,772	118,617	9,663,945	9,973,334
Less: Provision for Impairment	40,254	19,980	9,071,211	9,131,445
Net Balances	150,517	98,637	592,734	841,889

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4.2 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2014				
<u>Current:</u>				
0 - 30 days	432,154	93,083	5,007	221,872
<u>Past Due:</u>				
31 - 60 Days	238,188	29,147	2,650	4,896
61 - 90 Days	219,916	26,467	2,015	4,173
+ 90 Days	10,324,858	639,071	93,575	122,083
Sub-total	11,215,116	787,768	103,248	353,024
Less: Provision for Impairment	9,911,315	656,714	-	-
Total Rates Debtors by Customer Classification	1,303,801	131,054	103,248	353,024
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2013				
<u>Current:</u>				
0 - 30 days	298,168	58,734	5,007	285,730
<u>Past Due:</u>				
31 - 60 Days	160,177	24,218	2,650	3,727
61 - 90 Days	101,259	12,166	2,015	3,176
+ 90 Days	9,026,349	544,021	93,575	-
Sub-total	9,585,953	639,139	103,248	292,633
Less: Provision for Impairment	8,571,714	532,811	44,971	-
Total Rates Debtors by Customer Classification	1,014,239	106,328	58,277	292,633
			2014	2013
			R	R

4.3 Reconciliation of Provision for Impairment

Balance at beginning of year	12,023,815	9,817,105
<i>Other Debtors</i>	1,437,160	939,945
<i>Assessment Rates Debtors</i>	10,586,655	8,877,160
Impairment Losses recognised	-	769,550
<i>Other Debtors</i>	-	497,214
<i>Assessment Rates Debtors</i>	-	272,336
Impairment Losses reversed	-	-
<i>Other Debtors</i>	-	-
<i>Assessment Rates Debtors</i>	-	-
Amounts written off as uncollectable	-	-
<i>Other Debtors</i>	-	-
<i>Assessment Rates Debtors</i>	-	-
Amounts recovered	-	-
<i>Other Debtors</i>	-	-
<i>Assessment Rates Debtors</i>	-	-
Balance at end of year	12,023,815	10,586,655
	18,626.30	

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5. VAT RECEIVABLE

	2014 R	2013 R
Vat Payable.		
Vat Receivable.		348,289
Vat Receivable	-	348,289

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

	2014 R	2013 R
Current Investments	-	-
Bank Accounts	-	1,620,141
Bank Overdraft	(1,925,709)	-
Cash and Cash Equivalents	800	800
Total Bank, Cash and Cash Equivalents	(1,924,909)	1,620,941

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

SIYATHEMBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6.1 Bank Accounts

	2014 R	2013 R
Cash in Bank	-	1,620,141
Bank Overdraft	(1,925,709)	-
Total Bank Accounts	(1,925,709)	1,620,141

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank - Prieska Branch - Account Number 40-5355-2997:

Cash book balance at beginning of year	861,299	(726,421)
Cash book balance at end of year	(2,930,524)	861,299
Bank statement balance at beginning of year	2,063,727	(328,404)
Bank statement balance at end of year	(147,531)	2,063,727

Call Account:

ABSA Bank - Prieska Branch - Account Number 92-0404-6778:

Cash book balance at beginning of year	758,842	2,049,682
Cash book balance at end of year	1,004,816	758,842
Bank statement balance at beginning of year	750,000	2,049,682
Bank statement balance at end of year	1,004,816	750,000

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum. Interest is earned at different rates per annum on favourable balances.

6.2 Cash and Cash Equivalents

	2014 R	2013 R
Cash Floats and Advances	800	800
Total Cash on hand in Cash Floats, Advances and Equivalents	800	800

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

7. OPERATING LEASE RECEIVABLES

	2014 R	2013 R
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
Balance at beginning of year	18,060	16,330
Operating Lease Revenue recorded	3,704	1,730
Total Operating Lease Receivables	21,764	18,060

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 25 years, with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the municipality from its Investment Property, all of which is leased out under operating leases, amounted to R730,173 (2013: R622,264).

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7.2 Amounts receivable under Operating Leases

2014
R

2013
R

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	77,957	73,740
2 to 5 years	128,701	170,130
More than 5 years	37,072	73,598
Total Operating Lease Arrangements	243,729	317,468

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R3,704 (2013: increase of R1,730) in current year income.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

Housing Loans	6,418	16,987
Total Current Portion of Long-term Receivables	6,418	16,987

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2014

Reconciliation of Carrying Value

Description	Land	Buildings	Land and Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2013	24,311,000	58,095,170	82,406,170	346,453,739	6,114,705	2,158,486	437,133,101
Cost	24,311,000	62,764,859	87,075,859	400,984,084	9,533,058	3,149,933	500,742,934
- Completed Assets	24,311,000	62,764,859	87,075,859	390,243,995	9,533,058	3,149,933	490,002,845
- Under Construction	-	-	-	10,740,089	-	-	10,740,089
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:	-	(4,669,689)	(4,669,689)	(54,530,344)	(3,418,353)	(991,446)	(63,609,833)
- Cost	-	(4,669,689)	(4,669,689)	(54,530,344)	(3,418,353)	(991,446)	(63,609,833)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	-	199,469	199,469	5,132,534	132,503	-	5,464,506
Capital under Construction - Additions:	-	-	-	12,514,988	-	-	12,514,988
- Cost	-	-	-	12,514,988	-	-	12,514,988
- Borrowing Costs Capitalised	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	(93,801)	(110,921)	(204,721)
Depreciation:	-	(1,361,781)	(1,361,781)	(14,288,042)	(779,430)	(517,841)	(16,947,093)
- Based on Cost	-	(1,361,781)	(1,361,781)	(14,288,042)	(779,430)	(517,841)	(16,947,093)
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	(7,571)	-	(7,571)
- Cost	-	-	-	-	(11,218)	-	(11,218)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	3,647	-	3,647
- Based on Cost	-	-	-	-	3,647	-	3,647
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Carrying values at 30 June 2014	24,311,000	56,932,858	81,243,858	349,813,219	5,366,406	1,529,725	437,953,208
Cost	24,311,000	62,964,328	87,275,328	418,631,605	9,654,343	3,149,933	518,711,209
- Completed Assets	24,311,000	62,964,328	87,275,328	395,376,529	9,654,343	3,149,933	495,456,132
- Under Construction	-	-	-	23,255,076	-	-	23,255,076
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	(93,801)	(110,921)	(204,721)
Accumulated Depreciation:	-	(6,031,470)	(6,031,470)	(68,818,386)	(4,194,136)	(1,509,287)	(80,553,279)
- Cost	-	(6,031,470)	(6,031,470)	(68,818,386)	(4,194,136)	(1,509,287)	(80,553,279)
- Revaluation	-	-	-	-	-	-	-

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2013

Reconciliation of Carrying Value

Description	Land	Buildings	Land and Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2012	24,311,000	57,546,260	81,857,260	344,886,233	6,675,823	1,949,727	435,369,042
Cost	24,311,000	60,941,085	85,252,085	385,470,964	9,270,249	2,423,617	482,416,916
- Completed Assets	24,311,000	60,941,085	85,252,085	384,743,707	9,270,249	2,423,617	481,689,659
- Under Construction	-	-	-	727,257	-	-	727,257
Correction of error (Note 47)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:	-	(3,394,825)	(3,394,825)	(40,584,731)	(2,594,427)	(473,890)	(47,047,873)
- Cost	-	(3,394,825)	(3,394,825)	(40,584,731)	(2,594,427)	(473,890)	(47,047,873)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	-	1,823,774	1,823,774	5,500,287	262,809	726,316	8,313,185
Borrowing Costs Capitalised	-	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	10,012,832	-	-	10,012,832
- Cost	-	-	-	10,012,832	-	-	10,012,832
- Borrowing Costs Capitalised	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	-	(1,274,863)	(1,274,863)	(13,945,613)	(823,926)	(517,556)	(16,561,959)
- Based on Cost	-	(1,274,863)	(1,274,863)	(13,945,613)	(823,926)	(517,556)	(16,561,959)
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Carrying values at 30 June 2013	24,311,000	58,095,170	82,406,170	346,453,739	6,114,705	2,158,486	437,133,101
Cost	24,311,000	62,764,859	87,075,859	400,984,084	9,533,058	3,149,933	500,742,934
- Completed Assets	24,311,000	62,764,859	87,075,859	390,243,995	9,533,058	3,149,933	490,002,845
- Under Construction	-	-	-	10,740,089	-	-	10,740,089
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:	-	(4,669,689)	(4,669,689)	(54,530,344)	(3,418,353)	(991,446)	(63,609,833)
- Cost	-	(4,669,689)	(4,669,689)	(54,530,344)	(3,418,353)	(991,446)	(63,609,833)
- Revaluation	-	-	-	-	-	-	-

(0.00)

(0.00)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

9.3 Assets pledged as security

The municipality's obligations under Finance Leases (see Note 20) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

9.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R465,418 (2013: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 38.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2012/13: R0) in the estimated useful life of various assets of the municipality for the financial year.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 INTANGIBLE ASSETS

	2014 R	2013 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>1,415,056</u>	<u>1,415,120</u>

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2013	1,415,120	1,406,940
Cost	1,420,618	1,412,438
Accumulated Amortisation	(5,498)	(5,498)
Acquisitions:	6,575	6,575
Purchased	6,575	6,575
Internally Developed	-	-
Amortisation:	(6,639)	(6,639)
Purchased	(6,639)	(6,639)
Internally Developed	-	-
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2014	1,415,056	1,415,056
Cost	1,427,193	1,427,193
Accumulated Amortisation	(12,137)	(12,137)
	Computer Software	Total
Carrying values at 01 July 2012	1,410,735	1,410,735
Cost	1,412,438	1,412,438
Accumulated Amortisation	(1,703)	(1,703)
Acquisitions:	8,180	8,180
Purchased	8,180	8,180
Internally Developed	-	-
Amortisation:	(3,795)	(3,795)
Purchased	-	-
Internally Developed	(3,795)	(3,795)
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2013	1,415,120	1,415,120
Cost	1,420,618	1,420,618
Accumulated Amortisation	(5,498)	(5,498)

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
10.1 Intangible Assets with Indefinite Useful Lives		
The following classes of Intangible Assets are not amortised as they are regarded as having indefinite useful lives:		
Carrying Value of Servitudes: Sebata	680,000	680,000
Carrying Value of Servitudes: TGIS	720,000	720,000
Total Carrying Amount of Intangible Assets with Indefinite Useful Lives	<u>1,400,000</u>	<u>1,400,000</u>

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

10.2 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

11 INVESTMENT PROPERTY	2014 R	2013 R
At Fair Value		
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	25,584,000	25,584,000
Fair Value	<u>25,584,000</u>	<u>25,584,000</u>
Acquisitions during the Year	-	-
Capitalised Acquisitions	-	-
Net Gains / (Losses) from Fair Value Adjustments		
Disposals during the Year:	-	-
At Fair Value	-	-
Carrying values at 30 June	25,584,000	25,584,000
Fair Value	<u>25,584,000</u>	<u>25,584,000</u>
Estimated Fair Value of Investment Property at 30 June	<u>25,584,000</u>	<u>25,584,000</u>

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	730,173	622,264
--	---------	---------

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12 HERITAGE ASSETS

No inflow of future economic benefits or service potential associated with the above listed Heritage Assets has been deemed to be probable, as required by GRAP 103.13(b).

No Heritage Assets have been disposed of during the current and prior financial years.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Heritage Assets.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

13 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Housing Loans	62,306	32,298	30,008
Other Loans	-	0	(0)
	<u>62,306</u>	<u>32,298</u>	<u>30,008</u>
Less: Current Portion transferred to Current Receivables:-			6,418
Housing Loans			6,418
Other Loans			-
Total Long-term Receivables			<u><u>23,590</u></u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Housing Loans	92,709	30,276	62,433
Other Loans	-	-	-
	<u>92,709</u>	<u>30,276</u>	<u>62,433</u>
Less: Current Portion transferred to Current Receivables:-			16,987
Housing Loans			16,987
Other Loans			-
Total Long-term Receivables			<u><u>45,446</u></u>

HOUSING

As from 01 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

13.1 Ageing of Long-term Receivables

	2014 R	2013 R
<u>Current:</u>		
0 - 30 days		
<u>Past Due:</u>	30,008	62,433
31 - 60 Days	293	293
61 - 90 Days	293	293
91 - 120 Days	293	293
+ 120 Days	31,419	29,398
Total	62,306	92,709

As at 30 June Long-term Receivables of R32,298 (2013: R30,276) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days	293	293
61 - 90 Days	293	293
+ 90 Days	293	293
+ 120 Days	31,419	29,398
Total	32,298	30,276

13.2 Reconciliation of the Provision for Impairment

Balance at beginning of year	30,276	10,544
Impairment Losses recognised	2,022	19,732
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	32,298	30,276

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

14 CONSUMER DEPOSITS

Electricity and Water	601,415	548,301
Total Consumer Deposits	601,415	548,301
Guarantees held in lieu of Electricity and Water Deposits	1,775,596	1,775,596

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximates their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

15 PROVISIONS

	2014 R	2013 R
Performance Bonuses	-	-
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21)	-	-
Current Portion of Long-term Service Liability (See Note 21)	365,550	415,916
Current Portion of Ex Gratia Pension Liability (See Note 21)	-	-
Total Provisions	365,550	415,916

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.

The movement in provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Ex Gratia Pension R	Long-term Service R	Post-retirement R
30 June 2014			
Balance at beginning of year	-	519,957	-
Transfer from non-current	-	50,391	-
Balance at end of year	<u>-</u>	<u>570,347</u>	<u>-</u>
	Ex Gratia Pension R	Long-term Service R	Post-retirement R
30 June 2013			
Balance at beginning of year	-	415,916	-
Transfer from non-current	-	104,041	-
Balance at end of year	<u>-</u>	<u>519,957</u>	<u>-</u>
		2014 R	2013 R

16 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	12,398,756	10,203,540
Retentions	300,348	343,730
Other Creditors	897,699	1,156,326
Total Payables	<u>13,596,802</u>	<u>11,703,596</u>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The average credit period on purchases is 141 (2013: 139) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

The municipality did default on payment of its Creditors. However, no terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

56 FINANCIAL INSTRUMENTS (Continued)

56.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 45 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2014								
Non-interest Bearing		0.00%	6,887,444	6,887,444	-	-	-	-
Variable Interest Rate Instruments		12.16%	-	-	-	-	-	-
Fixed Interest Rate Instruments		0.00%	-	-	-	-	-	-
			6,887,444	6,887,444	-	-	-	-
30 June 2013								
Non-interest Bearing		0.00%	6,242,828	6,242,828	-	-	-	-
Variable Interest Rate Instruments		38.75%	1,620,141	1,620,141	-	-	-	-
Fixed Interest Rate Instruments		0.00%	-	-	-	-	-	-
			7,862,970	7,862,970	-	-	-	-

The municipality has access to financing facilities, the total unused amount which is R0 (2013: R76 263), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

56.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014	2013
R	R

57 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and only includes defined contribution schemes. The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

All of these above-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The total expense recognised in the Statement of Financial Performance of R4,843,603 (2013: R3,896,491) represents contributions payable to these Pension Funds at rates specified in the rules of the plans. As at 30 June 2014, contributions of R397,162 (2013: R386,952) due in the current reporting period had not been paid over to the plans. These amounts were paid over subsequent to the balance sheet date.

Employees belong to a variety of Medical Aid. The Municipality contributes 60% of in service members Medical Aid Premium and 70% of continuing members Medical Aid Premium.

The total expense recognised in the Statement of Financial Performance of R1,572,558 (2013: R1,327,455) represents contributions payable to these Medical Aid Funds at rates specified in the rules of the plans. As at 2014, contributions of R136 459 (2013: R124 265) due in the current reporting period had not been paid over to the plans. These amounts were paid over subsequent to the balance sheet date.

DEFINED BENEFIT SCHEMES

Post-retirement Health Care Benefits Liability:

In-service members will receive a post-employment subsidy of 70% of the contribution payable. Upon a member's death-in-service or death-in-retirement, the surviving dependants will not receive the same 70% subsidy.

Long Service Awards:

The Municipality offers employees LSA for every five years of service completed, from five years of service. The Municipality offers two types of benefits:

- Old Benefit

This is for members who joined the Municipality prior to 1 March 2011 (All the eligible employees in this valuation joined the Municipality prior to this date and thus qualify for the old benefit):

- # 5 years service = Basic salary x 2.5% x 0.5 divided by 12, which is paid every month until the employee has 10 years of service.
- # 10 years service = Basic salary x 2.5% x 1.0 divided by 12, which is paid every month until the employee has 15 years of service.
- # 15 years service = Basic salary x 2.5% x 1.5 divided by 12, which is paid every month until the employee has 20 years of service.
- # 20 years service = Basic salary x 2.5% x 2.0 divided by 12, which is paid every month until the employee has 25 years of service.
- # 25 years service = Basic salary x 2.5% x 2.5 divided by 12, which is paid every month until the employee has 30 years of service.
- # 30 years service = Basic salary x 2.5% x 3.0 divided by 12, which is paid every month until the end of service.

- New Benefit

This is for members who joined the Municipality after 1 March 2011 (There were no eligible employees who joined the Municipality after 1 March 2011):

- # 10 years service = Once-off payment of Basic salary x 3% plus 10 working days leave
- # 15 years service = Once-off payment of Basic salary x 4% plus 10 working days leave
- # 20 years service = Once-off payment of Basic salary x 5% plus 15 working days leave
- # 25 years service = Once-off payment of Basic salary x 6% plus 15 working days leave
- # The benefits stay the same thereafter for every 5 years

Ex-Gratia Bonus:

Employees who commenced service with the Municipality prior to 1994 and did not join a pension fund on appointment, are entitled to receive ex-gratia benefits in respect of service accrued with the Municipality whilst not being a member of a pension fund. These benefits are paid on retirement or in the event of death or resignation before retirement.

The lump sum benefit is calculated as follows:

- # Basic monthly salary at time of payment x (Completed years of service accrued while not a member of a pension fund + three)

The defined benefit schemes are not supported by any plan assets and will be settled from cash funds over the contribution period.

Refer to Note28 for the detailed disclosure of these Defined Benefit Schemes in accordance with GRAP 25. 135 - 141.

The lump sum benefit is calculated as follows:

- # Basic monthly salary at time of payment x (Completed years of service accrued while not a member of a pension fund + three)

The defined benefit schemes are not supported by any plan assets and will be settled from cash funds over the contribution period.

Refer to Note 21 for the detailed disclosure of these Defined Benefit Schemes in accordance with GRAP 25. 135 - 141.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014	2013
R	R

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R10 439,2 (30 June 2010: 7 110,3) million, with funding levels of 100% (30 June 2010: 96,0%). The contribution rate paid by the members (7.92%) and is sufficient to fund the benefits accruing from the fund in the future.

SAMWU Provident Fund:

No details could be provided for the fund and of any valuation performed.

The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2 455 947, with funding levels of 100%. The contribution rate paid by the members (7,82%) and is sufficient to fund the benefits accruing from the fund in the future.

NFMW Pension Fund:

No details could be provided for the fund and of any valuation performed.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R6 981 450 (30 June 2012: 5 646 373), with funding levels of 99.97% (30 June 2012: 98.89%). The contribution rate paid by the members (5.6%) and is sufficient to fund the benefits accruing from the fund in the future.

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

58 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

58.1 Interest of Related Parties

Councillors and/or management of the municipality had relationships with businesses during the financial period as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
JRM. Alexander	Municipal Manager	Director of Emthanjeni Fertilizer and Garden Service and Lezmin 2649.
P. Papier	Speaker	Director of Oline Trading, For You Financial and Funeral Services, Greenville
GP. Mackay	Councillor	Director of Fullimput 1279.
J. Molepe	Councillor	Director of Multiminds 123.
G. Macdonald	Councillor	Owner of 29A Bezuidenhout Street
J. Bason	Manager	Director of and 50% Interest in Motangtang Electrical
FV. Louw	Manager	Owner and 100% Interest in Kheina Catering Services CC

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R **2013**
R

58.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2014				
Councillors	8,801	46,548	-	6,019
Municipal Manager and Section 57 Personnel	15,829	34,978	-	-
Total Services	24,630	81,526	-	6,019

For the Year ended 30 June 2013

Councillors	7,129	36,954	-	21,119
Municipal Manager and Section 57 Personnel	5,567	22,194	-	1,576
Total Services	12,696	59,148	-	22,695

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

58.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 13 to the Annual Financial Statements.

58.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

58.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

58.6 Other Related Party Transactions:

2014
R **2013**
R

Bursaries were provided to Family members of employees:

R. Horn - PA to the Municipal Manager	-	28,480
T. Yawa - Librarian Transformation Officer	-	1,230
F. Mokgoro - Foreman Public works	-	2,000
S. Botha - Registry Clerk	-	3,000
M. Sia - Cleaner	-	1,325
J. Madoda - Assistant Librarian	-	1,800
	-	37,835

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
	2014 R	2013 R
59 CONTINGENT LIABILITIES		
59.1 Court Proceedings:	150,000	273,052
(i) Creative Harvest (Pty) Ltd: A dispute arose between Siyathemba Municipality and Creative Harvest in which Creative Harvest is suing Siyathemba Municipality for not paying invoices for work that they claimed they performed. Du Toit Attorneys are of the opinion that the Municipality will only incur legal fees if a summons is issued by Creative Harvest.	-	150,000
(ii) SADC Advertising: A dispute arose between Siyathemba Municipality and SADC Advertising in which SADC Advertising suing Siyathemba Municipality for not paying for services rendered to the Municipality. The Municipality is of the opinion that the services rendered was not what they agreed upon and will therefore not pay the amount.	-	123,052
(iii) Review Application of CCMA Award A claim against the municipality was received from Mr. J Van Staden and two others to permanently employee them. The case has been won by the parties but the municipality is currently reviewing the case with the assistance of Du Toit Attorneys to be laid before the CCMA.	150,000	-

SIYATHEMBA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014	2013
R	R

60 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

61 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

62 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

63 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 46) and Prior Period Errors (Note 47).

64 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) Council adopted the 2013/14 to 2015/16 Budget in the current year. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
SIYATHEMBA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
ABSA	614,847	10.00%	82003555	YES	532,554	74,362	-	458,192
ABSA	794,466	10.00%	82003806	YES	688,136	95,620	-	592,516
ABSA	828,000	10.00%	82306558	YES	749,245	96,596	-	652,649
Nashua	811,922	10.50%	P1	NO	431,719	172,218	-	259,501
Gestetner	375,455	10.50%	P2	NO	199,639	79,638	-	120,001
Total Capital Lease Liabilities	3,424,690				2,601,292	518,433	-	2,082,859
TOTAL EXTERNAL LOANS	3,424,690				2,601,292	518,433	-	2,082,859

ANNUITY LOANS:

ABSA:

Structured unsecured 7 year loan secured over the Equipment that was purchased. Original loan capital of R2 237 313 is repayable monthly.

APPENDIX B
SIYATHEMBA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Land	24,311,000	-	-	-	-	24,311,000	-	-	-	-	-	24,311,000	-
Buildings	62,764,859	199,469	-	-	-	62,964,328	4,669,689	1,361,781	-	-	6,031,470	56,932,858	-
	87,075,859	199,469	-	-	-	87,275,328	4,669,689	1,361,781	-	-	6,031,470	81,243,858	-
Infrastructure													
<i>Electricity:</i>													
LV Network	43,311,948	3,284,981	-	-	-	46,596,930	6,822,533	2,039,940	-	-	8,862,473	37,734,457	-
Buildings and External Facilities - B	57,309	-	-	-	-	57,309	3,821	955	-	-	4,776	52,533	-
MV Network	7,487,101	-	-	-	-	7,487,101	848,705	212,176	-	-	1,060,881	6,426,220	-
<i>Airport:</i>													
Buildings and External Facilities - A	640,040	-	-	-	-	640,040	42,669	10,667	-	-	53,337	586,703	-
<i>Railway:</i>													
Railway	1,277,747	-	-	-	-	1,277,747	85,183	21,296	-	-	106,479	1,171,268	-
<i>Other Structures:</i>													
Buildings and External Facilities - C	1,142,640	-	-	-	-	1,142,640	220,778	55,194	-	-	275,972	866,668	-
MV Network - O	545,795	-	-	-	-	545,795	70,199	17,550	-	-	87,748	458,047	-
Storm Water- O	1,927,247	-	-	-	-	1,927,247	128,483	32,121	-	-	160,604	1,766,643	-
Storage- O	19,170	-	-	-	-	19,170	3,834	958	-	-	4,792	14,377	-
LV Network- O	1,259	-	-	-	-	1,259	101	25	-	-	126	1,133	-
Distribution / Reticulation Network	928,769	-	-	-	-	928,769	147,577	36,894	-	-	184,471	744,297	-
Road Structures - O	134,195	-	-	-	-	134,195	12,734	3,183	-	-	15,917	118,277	-
Water Pump Station - O	54,216	-	-	-	-	54,216	14,458	3,614	-	-	18,072	36,144	-
<i>Roads:</i>													
Storm Water	2,333,312	-	-	-	-	2,333,312	152,124	38,889	-	-	191,012	2,142,299	-
Road Structures	102,688,351	-	6,980,606	-	-	109,668,957	20,855,092	5,271,011	-	-	26,126,103	83,542,853	-
Traffic Management	6,896,467	-	-	-	-	6,896,467	975,872	248,892	-	-	1,224,764	5,671,703	-
Bridges	2,478,848	-	-	-	-	2,478,848	123,942	30,986	-	-	154,928	2,323,920	-
Buildings and External Facilities - F	16,154	-	-	-	-	16,154	3,231	808	-	-	4,038	12,115	-
<i>Sanitation:</i>													
Solid Waste Disposal	7,600,991	1,543,472	-	-	-	9,144,463	1,419,159	539,860	-	-	1,959,019	7,185,444	-
Waste Water Treatment	26,975,060	39,587	-	-	-	27,014,647	3,038,092	769,920	-	-	3,808,012	23,206,635	-
Collection / Reticulation Network	76,933,018	-	6,417,838	-	-	83,350,856	6,163,125	1,540,781	-	-	7,703,907	75,646,950	-
Sewer Pump Station	2,420,255	-	-	-	-	2,420,255	526,749	143,727	-	-	670,476	1,749,779	-
<i>Water:</i>													
Boreholes	7,291,431	223,467	-	-	-	7,514,898	829,057	242,015	-	-	1,071,072	6,443,826	-
Storage	23,155,870	20,226	-	-	-	23,176,096	3,217,955	807,349	-	-	4,025,305	19,150,791	-
Distribution / Reticulation Network	43,107,679	20,800	9,856,632	-	-	52,985,110	3,748,497	938,298	-	-	4,686,795	48,298,315	-
Water Pump Station	2,197,539	-	-	-	-	2,197,539	340,456	85,803	-	-	426,260	1,771,279	-
Buildings and External Facilities - V	80,199	-	-	-	-	80,199	10,171	2,543	-	-	12,714	67,485	-
Water Treatment	28,541,388	-	-	-	-	28,541,388	4,725,748	1,192,585	-	-	5,918,333	22,623,054	-

APPENDIX B
SIYATHEMBA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R
	390,243,995	5,132,534	23,255,076	-	-	418,631,605	54,530,344	14,288,042	-	-	68,818,386	349,813,219	-
Leased Assets													
Plant and equipment	696,900	-	-	-	-	696,900	142,926	99,557	-	-	242,483	454,417	-
Motor vehicles	1,265,655	-	-	-	-	1,265,655	214,087	180,808	-	-	394,895	870,760	-
Office equipment	1,187,378	-	-	-	-	1,187,378	634,433	348,396	-	-	982,830	204,548	-
	3,149,933	-	-	-	-	3,149,933	991,446	628,761	-	-	1,620,208	1,529,725	-
Other Assets													
<i>Emergency equipment</i>													
Fire fighting equipment / fire hoses	24,630	-	-	-	-	24,630	17,734	2,217	-	-	19,950	4,680	-
Emergency / rescue equipment	6,912	-	-	-	-	6,912	4,977	622	-	-	5,599	1,313	-
<i>Motor vehicles</i>													
Trailers and accessories	501,354	56,000	-	-	-	557,354	96,260	30,238	-	-	126,498	430,856	-
Trucks, buses and ldv's	2,251,717	-	-	-	-	2,251,717	206,287	105,314	-	-	311,601	1,940,117	-
Tractors	314,709	-	-	-	-	314,709	39,251	13,783	-	-	53,034	261,675	-
Specialised vehicles	1,044,711	-	-	-	-	1,044,711	121,643	34,288	-	-	155,931	888,781	-
Emergency vehicles	49,868	-	-	-	-	49,868	6,383	1,596	-	-	7,979	41,889	-
Passenger vehicles	338,550	-	-	-	-	338,550	92,859	23,215	-	-	116,074	222,476	-

APPENDIX B
SIYATHEMBA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Furniture and fittings</i>													
Other furniture and fittings	157,207	-	-	-	-	157,207	101,658	14,650	-	-	116,308	40,899	-
Shelving and bookcases	583,981	-	-	-	-	583,981	299,550	75,083	-	-	374,634	209,348	-
Tables & desks	531,858	-	-	-	-	531,858	255,935	69,125	-	-	325,059	206,799	-
Chairs and couches	666,622	1,491	-	-	-	668,113	328,815	88,592	-	-	417,406	250,707	-
Cabinets & cupboards	525,209	-	-	-	-	525,209	265,520	67,527	-	-	333,047	192,162	-
<i>Plant and equipment</i>													
Workshop equipment and tools	295,217	-	-	-	(1,449)	293,768	183,232	30,942	-	(454)	213,720	80,047	-
Plant and equipment - other	304,289	-	-	-	(3,508)	300,781	155,088	39,746	-	(851)	193,983	106,798	-
Earth moving equipment	23,550	-	-	-	-	23,550	5,597	3,028	-	-	8,625	14,925	-
Lawnmowers / gardening equipment	60,147	-	-	-	(3,999)	56,148	37,865	6,823	-	(1,479)	43,209	12,939	-
Lab equipment	81,737	-	-	-	-	81,737	58,851	7,356	-	-	66,207	15,530	-
Radio equipment	109,072	-	-	-	-	109,072	72,547	11,440	-	-	83,986	25,086	-
Generators	12,308	-	-	-	-	12,308	6,330	1,582	-	-	7,912	4,396	-
Compressors	34,880	-	-	-	-	34,880	17,938	4,485	-	-	22,423	12,457	-
Law enforcement equipment	137,300	-	-	-	-	137,300	98,856	12,357	-	-	111,213	26,087	-
<i>Office equipment</i>													
Computer hardware	949,297	73,231	-	-	(2,262)	1,020,266	595,544	172,865	-	(863)	767,546	252,720	-
Office equipment - other	150,652	1,168	-	-	-	151,820	73,524	19,285	-	-	92,810	59,010	-
Audiovisual equipment	86,903	-	-	-	-	86,903	58,407	10,177	-	-	68,584	18,319	-
Air conditioners	220,258	613	-	-	-	220,871	167,748	20,055	-	-	187,802	33,069	-
Domestic equipment	57,443	-	-	-	-	57,443	41,347	5,522	-	-	46,868	10,575	-
Office machines	12,676	-	-	-	-	12,676	8,610	1,319	-	-	9,929	2,748	-
	9,533,058	132,503	-	-	(11,218)	9,654,343	3,418,353	873,231	-	(3,647)	4,287,936	5,366,406	-
Total	490,002,845	5,464,506	23,255,076	-	(11,218)	518,711,209	63,609,833	17,151,815	-	(3,647)	80,758,000	437,953,208	-

APPENDIX B
SIYATHEMBA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R

SIYATHEMBA MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	25,584,000	-	-	-	-	25,584,000	-	-	-	-	-	25,584,000	-
	25,584,000	-	-	-	-	25,584,000	-	-	-	-	-	25,584,000	-

SIYATHEMBA MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R	R
Computer Software	1,420,618	6,575	-	-	-	1,427,193	5,498	6,639	-	-	12,137	1,415,056	-
	1,420,618	6,575	-	-	-	1,427,193	5,498	6,639	-	-	12,137	1,415,056	-

SIYATHEMBA MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 41091
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
Heritage Assets	R	R	R	R	R	R	R	R	R	R	R	R	R
Historical Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Asset Register	517,007,463	5,471,081	23,255,076	-	(11,218)	545,722,402	63,615,331	17,158,454	-	(3,647)	80,770,137	464,952,264	-

APPENDIX C
SIYATHEMBA MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	490,002,845	5,464,506	23,255,076	-	(11,218)	518,711,209	63,609,833	17,151,815	-	(3,647)	80,758,000	437,953,208
Total	490,002,845	5,464,506	23,255,076	-	(11,218)	518,711,209	63,609,833	17,151,815	-	(3,647)	80,758,000	437,953,208

APPENDIX D
SIYATHEMBA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
721,256	12,065,622	(11,344,367)	Executive and Council	747,675	13,924,784	(13,177,109)
721,256	12,096,024	(11,374,768)	COUNCIL ADMINISTRATION - COUNCIL GENERAL	747,675	14,243,385	(13,495,710)
-	(30,402)	30,402	MUNICIPAL MANAGER - MUNICIPAL MANAGER	-	(318,601)	318,601
19,657,590	29,638,910	(9,981,320)	Finance and Administration	23,445,421	28,045,027	(4,599,606)
14,527,657	29,622,205	(15,094,547)	FINANCIAL MANAGEMENT - BUDGET & TREASURY	15,787,640	28,045,027	(12,257,387)
-	16,705	(16,705)	FINANCIAL MANAGEMENT - FINANCIAL SERVICES	-	-	-
5,129,933	-	5,129,933	REVENUE MANAGEMENT - ASSESSMENT & COLLECTION	7,657,781	-	7,657,781
-	-	-	Planning and Development	-	399	(399)
-	-	-	TECHNICAL SERVICES - TECHNICAL SERVICES	-	399	(399)
-	-	-	Health	-	1,148	(1,148)
-	-	-	HEALTH SERVICES - HEALTH	-	1,148	(1,148)
478,483	919,753	(441,270)	Community and Social Services	1,072,420	1,082,263	(9,843)
25,707	2,710	22,997	COMMUNITY SERVICES - CEMETERIES	36,806	39,661	(2,856)
452,776	917,043	(464,267)	COMMUNITY SERVICES - LIBRARIES	1,035,614	1,042,602	(6,987)
41,246	-	41,246	Housing	-	-	-
41,246	-	41,246	HOUSING - HOUSING SCHEME 1	-	-	-
-	13,003	(13,003)	Public Safety	-	14,443	(14,443)
-	13,003	(13,003)	DISASTER MANAGEMENT - FIRE BRIGADE	-	14,443	(14,443)
-	2,081,977	(2,081,977)	Sport and Recreation	-	2,338,877	(2,338,877)
-	86,700	(86,700)	SPORT & RECREATION - CAMPING AREA	-	(93,015)	93,015
-	1,995,277	(1,995,277)	SPORT & RECREATION - PARKS & RECREATION	-	2,431,892	(2,431,892)
-	20,631	(20,631)	Environmental Protection	-	10,794	(10,794)
-	20,631	(20,631)	DISASTER MANAGEMENT - DISASTER MANAGEMENT	-	10,794	(10,794)
8,134,225	6,813,105	1,321,120	Waste Management	8,754,404	7,543,206	1,211,198
2,720,558	3,184,966	(464,408)	WASTE MANAGEMENT - CLEANSING SERVICES	2,926,282	3,377,388	(451,105)
5,413,668	3,628,139	1,785,529	WASTE WATER MANAGEMENT - SEWERAGE	5,828,122	4,165,818	1,662,304
14,404,283	8,612,588	5,791,695	Roads and Transport	17,932,756	12,117,832	5,814,924
13,429,559	6,957,271	6,472,288	ROADS - PUBLIC WORKS	16,659,458	10,768,902	5,890,555
-	206,785	(206,785)	ROADS - MAIN ROADS	186,369	-	186,369
974,724	1,448,532	(473,808)	TRAFFIC SERVICES - LICENCING & TRAFFIC	1,086,929	1,348,930	(262,001)

APPENDIX D
SIYATHEMBA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
18,065,576	4,367,589	13,697,988	Water	14,491,930	5,315,903	9,176,027
<i>18,065,576</i>	<i>4,367,589</i>	<i>13,697,988</i>	<i>WATER SERVICES - WATER SERVICES</i>	<i>14,491,930</i>	<i>5,315,903</i>	<i>9,176,027</i>
14,946,376	13,306,885	1,639,491	Electricity	15,918,691	15,276,936	641,755
<i>14,946,376</i>	<i>13,306,885</i>	<i>1,639,491</i>	<i>ELECTRICITY SERVICES - ELECTRICITY</i>	<i>15,918,691</i>	<i>15,276,936</i>	<i>641,755</i>
1,259,864	4,565,949	(3,306,085)	Other	767,660	4,784,070	(4,016,410)
-	3,532	(3,532)	<i>TECHNICAL SERVICES - AIRPORT</i>	-	2,994	(2,994)
680,267	3,685,609	(3,005,342)	<i>CORPORATE SERVICES - CORPORATE S</i>	36,371	4,579,988	(4,543,617)
27,922	8,116	19,806	<i>PROPERTY SERVICES - HOUSING: EMPL</i>	43,941	10,099	33,842
151,468	37,370	114,099	<i>PROPERTY SERVICES - MEENT</i>	212,657	10,094	202,563
400,207	536,700	(136,493)	<i>PROPERTY SERVICES - MUNICIPAL BUIL</i>	474,691	180,896	293,795
-	294,623	(294,623)	<i>OTHER</i>	-	-	-
77,708,899	82,406,013	(4,697,114)	Sub-Total	83,130,957	90,455,682	(7,324,725)
			Revenue Foregone			
77,708,899	82,406,013	(4,697,114)	Total	83,130,957	90,455,682	(7,324,725)

APPENDIX E(1)
SIYATHEMBA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13				
	Original	Budget	Final	Shifting	Virement	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported	Expenditure	Balance	Restated
	Total	Adjustments	Adjustments	of		Budget	Outcome	Expenditure		as % of	as % of	Unauthorised	authorised	to be	Audited
	R	R	R	Funds	R	R	R	R	R	Final Budget	Original Budget	Expenditure	L.t.o. Sect 32	Recovered	Outcome
REVENUE - STANDARD															
Governance and Administration:															
Executive and Council	635,130	70,000	705,130	-	-	705,130	747,675	-	42,545	106.03	117.72				721,256
Budget and Treasury Office	23,348,664	(793,365)	22,555,299	-	-	22,555,299	23,445,421	-	890,123	103.95	100.41				19,657,590
Corporate Services	873,500	(67,500)	806,000	-	-	806,000	767,660	-	(38,340)	95.24	87.88				1,259,864
Community and Public Safety:															
Community and Social Services	749,000	81,518	830,518	-	-	830,518	1,072,420	-	241,902	129.13	143.18				478,483
Sport and Recreation	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Public Safety	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Housing	60,000	-	60,000	-	-	60,000	-	-	(60,000)	0.00	0.00				41,246
Health	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Economic and Environmental Services:															
Planning and Development	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Road Transport	13,953,000	15,405,000	29,358,000	-	-	29,358,000	17,932,756	-	(11,425,244)	61.08	128.52				14,404,283
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Trading Services:															
Electricity	26,644,332	(3,368,532)	23,275,800	-	-	23,275,800	15,918,691	-	(7,357,109)	68.39	59.75				14,946,376
Water	10,990,014	(1,981,706)	9,008,308	-	-	9,008,308	14,491,930	-	5,483,623	160.87	131.86				18,065,576
Waste Water Management	11,411,614	(3,812,464)	7,599,150	-	-	7,599,150	5,828,122	-	(1,771,028)	76.89	51.07				5,413,668
Waste Management	4,237,168	(1,845,175)	2,391,993	-	-	2,391,993	2,926,282	-	534,289	122.34	69.06				2,720,558
Other:															
Tourism	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Total Revenue - Standard	92,902,422	3,687,776	96,590,197	-	-	96,590,197	83,130,957	-	(13,459,240)	86.07	89.48	-	-	-	77,708,899
EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	7,812,630	(1,192,500)	6,620,130	-	-	6,620,130	13,924,784	-	7,304,654	210.34	178.23				12,065,622
Budget and Treasury Office	27,452,579	(3,763,000)	23,689,579	-	-	23,689,579	28,045,027	-	4,355,448	118.39	102.16				29,933,532
Corporate Services	8,461,342	(2,340,180)	6,121,162	-	-	6,121,162	4,781,076	-	(1,340,086)	78.11	56.50				4,267,794
Community and Public Safety:															
Community and Social Services	1,358,967	(69,000)	1,289,967	-	-	1,289,967	1,082,263	-	(207,704)	83.90	79.64				919,753
Sport and Recreation	2,604,210	41,500	2,645,710	-	-	2,645,710	2,338,877	-	(306,833)	88.40	89.91				2,081,977
Public Safety	6,000	-	6,000	-	-	6,000	14,443	-	8,443	240.72	240.72				13,003
Housing	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Health	-	-	-	-	-	-	1,148	-	1,148	0.00	0.00				-
Economic and Environmental Services:															
Planning and Development	-	-	-	-	-	-	399	-	399	0.00	0.00				-
Road Transport	13,053,375	(3,119,001)	9,934,374	-	-	9,934,374	12,117,832	-	2,183,458	121.98	92.83				8,612,588
Environmental Protection	20,000	-	20,000	-	-	20,000	10,794	-	(9,206)	53.97	53.97				20,631
Trading Services:															
Electricity	20,607,363	(500,000)	20,107,363	-	-	20,107,363	15,276,936	-	(4,830,427)	75.98	74.13				13,306,885
Water	8,040,090	(2,056,706)	5,983,384	-	-	5,983,384	5,315,903	-	(667,480)	88.84	66.12				4,367,589
Waste Water Management	8,745,839	(3,662,464)	5,083,375	-	-	5,083,375	4,165,818	-	(917,557)	81.95	47.63				3,628,139
Waste Management	7,343,469	(1,514,902)	5,828,567	-	-	5,828,567	3,377,388	-	(2,451,179)	57.95	45.99				3,184,966
Other:															
Tourism	10,000	(5,000)	5,000	-	-	5,000	2,994	-	(2,006)	59.88	29.94				3,532
Total Expenditure - Standard	105,515,863	(18,181,253)	87,334,610	-	-	87,334,610	90,455,682	-	3,121,072	103.57	85.73	-	-	-	82,406,013
Surplus/(Deficit) for the year	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(7,324,725)	-	(16,580,312)	0.00	0.00	-	-	-	(4,697,114)

APPENDIX E (2)
SIYATHEMBA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE															
Vote 1 - EXECUTIVE AND COUNCIL	635,130	70,000	705,130	-	-	705,130	747,675	-	42,545	106.03	117.72				721,256
Vote 2 - BUDGET & TREASURY OFFICE	23,348,664	(793,365)	22,555,299	-	-	22,555,299	23,445,421	-	890,123	103.95	100.41				19,657,590
Vote 3 - CORPORATE SERVICES	2,810,500	(80,982)	2,729,518	-	-	2,729,518	2,927,009	-	197,491	107.24	104.15				2,754,317
Vote 4 - TECHNICAL & ENGINEERING SERVICES	66,108,128	4,492,123	70,600,251	-	-	70,600,251	56,010,852	-	(14,589,399)	79.34	84.73				54,575,736
Total Revenue by Vote	92,902,422	3,687,776	96,590,197	-	-	96,590,197	83,130,957	-	(13,459,240)	86.07	89.48	-	-	-	77,708,899
EXPENDITURE BY VOTE															
Vote 1 - EXECUTIVE AND COUNCIL	7,812,630	(1,192,500)	6,620,130	-	-	6,620,130	13,925,932	-	7,305,802	210.36	178.25				12,065,622
Vote 2 - BUDGET & TREASURY OFFICE	27,452,579	(3,763,000)	23,689,579	-	-	23,689,579	28,045,027	-	4,355,448	118.39	102.16				29,933,532
Vote 3 - CORPORATE SERVICES	11,731,562	(2,634,680)	9,096,882	-	-	9,096,882	7,212,268	-	(1,884,614)	79.28	61.48				6,636,079
Vote 4 - TECHNICAL & ENGINEERING SERVICES	58,519,091	(10,591,073)	47,928,019	-	-	47,928,019	41,272,455	-	(6,655,564)	86.11	70.53				33,770,779
Total Expenditure by Vote	105,515,863	(18,181,253)	87,334,610	-	-	87,334,610	90,455,682	-	3,121,072	103.57	85.73	-	-	-	82,406,013
Surplus/(Deficit) for the year	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(7,324,725)	-	(16,580,312)	0.00	0.00	-	-	-	(4,697,114)

APPENDIX E (3)
SIYATHEMBA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13			
	Original	Budget	Final	Shifting	Virement	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported	Expenditure	Balance
	Total	Adjustments	Adjustments	of		Budget	Outcome	Expenditure		as % of	as % of	Unauthorised	authorised	to be
	R	R	R	Funds	R	R	R	R	R	Final Budget	Original Budget	Expenditure	I.t.o. Sect 32	Recovered
Revenue by Source														
Property Rates	8,024,972	(78,365)	7,946,607	-	-	7,946,607	7,696,812	-	(249,795)	96.86	95.91	-	-	-
Service Charges - Electricity	19,829,492	(3,433,532)	16,395,960	-	-	16,395,960	12,229,281	-	(4,166,679)	74.59	61.67	-	-	-
Service Charges - Water	8,791,558	(1,981,706)	6,809,852	-	-	6,809,852	8,046,529	-	1,236,677	118.16	91.53	-	-	-
Service Charges - Sanitation	7,588,000	(3,812,464)	3,775,536	-	-	3,775,536	3,065,501	-	(710,035)	81.19	40.40	-	-	-
Service Charges - Refuse	2,500,000	(1,845,175)	654,825	-	-	654,825	1,176,593	-	521,768	179.68	47.06	-	-	-
Rental of Facilities and Equipment	800,500	22,500	823,000	-	-	823,000	730,173	-	(92,827)	88.72	91.21	-	-	-
Interest Earned - External Investments	350,000	-	350,000	-	-	350,000	98,482	-	(251,518)	28.14	28.14	-	-	-
Interest Earned - Outstanding Debtors	320,000	180,000	500,000	-	-	500,000	641,156	-	141,156	128.23	200.36	-	-	-
Fines	146,000	(95,000)	51,000	-	-	51,000	32,010	-	(18,990)	62.77	21.92	-	-	-
Licences and Permits	-	-	-	-	-	-	100	-	100	0.00	0.00	-	-	-
Agency Services	983,000	-	983,000	-	-	983,000	1,055,429	-	72,429	107.37	107.37	-	-	-
Transfers Recognised - Operational	(195,954,151)	(181,040,056)	(376,994,207)	-	-	(376,994,207)	28,383,393	-	405,377,600	0.00	0.00	-	-	-
Other Revenue	4,027,900	(935,000)	3,092,900	-	-	3,092,900	1,211,055	-	(1,881,845)	39.16	30.07	-	-	-
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-
Total Revenue (excluding Capital Transfers & Contributions)	(142,592,729)	(193,018,798)	(335,611,526)	-	-	(335,611,526)	64,366,514	-	399,978,042	0.00	0.00	-	-	-
Expenditure														
Employee Related Costs	36,207,600	(359,181)	35,848,419	-	-	35,848,419	30,499,201	-	(5,349,218)	85.08	84.23	-	-	-
Remuneration of Councillors	2,380,840	-	2,380,840	-	-	2,380,840	2,020,672	-	(360,168)	84.87	84.87	-	-	-
Debt Impairment	3,165,290	-	3,165,290	-	-	3,165,290	7,934,339	4,769,049	4,769,049	250.67	250.67	-	-	-
Depreciation and Asset Impairment	10,587,910	-	10,587,910	-	-	10,587,910	17,158,454	6,570,544	6,570,544	162.06	162.06	-	-	-
Finance Charges	756,751	10,000	766,751	-	-	766,751	669,785	-	(96,966)	87.35	88.51	-	-	-
Bulk Purchases	17,683,950	-	17,683,950	-	-	17,683,950	13,457,492	-	(4,226,458)	76.10	76.10	-	-	-
Other Materials	3,690,000	(746,500)	2,943,500	-	-	2,943,500	4,364,864	1,421,364	1,421,364	148.29	118.29	-	-	-
Contracted Services	7,843,000	(3,968,000)	3,875,000	-	-	3,875,000	5,861,742	1,986,742	1,986,742	151.27	74.74	-	-	-
Transfers and Grants	7,229,072	(7,229,072)	-	-	-	-	70,605	70,605	70,605	0.00	0.98	-	-	-
Other Expenditure	15,971,450	(5,888,500)	10,082,950	-	-	10,082,950	8,410,958	-	(1,671,992)	83.42	52.66	-	-	-
Loss on Disposal of PPE	-	-	-	-	-	-	7,571	7,571	7,571	0.00	0.00	-	-	-
Total Expenditure	105,515,863	(18,181,253)	87,334,610	-	-	87,334,610	90,455,682	14,825,874	3,121,072	103.57	85.73	-	-	-
Surplus/(Deficit)	(248,108,592)	(174,837,545)	(422,946,138)	-	-	(422,946,138)	(26,089,168)	(14,825,874)	396,856,969	0.00	0.00	-	-	-
Transfers Recognised - Capital	235,495,151	196,706,574	432,201,725	-	-	432,201,725	18,764,443	-	(413,437,282)	4.34	7.97	-	-	-
Surplus/(Deficit) after Capital Transfers and Contributions	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(7,324,725)	(14,825,874)	(16,580,312)	0.00	0.00	-	-	-
Surplus/(Deficit) for the Year	(12,613,441)	21,869,029	9,255,587	-	-	9,255,587	(7,324,725)	(14,825,874)	(16,580,312)	-	-	-	-	-

APPENDIX E(4)
SIYATHEMBA MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
CAPITAL EXPENDITURE - VOTE																
Multi-year Expenditure																
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Vote 2 - BUDGET & TREASURY OFFICE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Vote 4 - TECHNICAL & ENGINEERING SERVICES	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Total Capital Expenditure - Multi-year	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Single-year Expenditure																
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Vote 2 - BUDGET & TREASURY OFFICE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Vote 3 - CORPORATE SERVICES	-	13,500,000	13,500,000	-	-	13,500,000	-	-	(13,500,000)	0.00	0.00	-	-	-	-	
Vote 4 - TECHNICAL & ENGINEERING SERVICES	23,035,000	(2,335,000)	20,700,000	-	-	20,700,000	26,388,757	-	5,688,757	127.48	114.56	-	-	-	-	
Total Capital Expenditure - Single-year	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	-	(7,811,243)	77.16	114.56	-	-	-	-	
Total Capital Expenditure - Vote	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	-	(7,811,243)	77.16	114.56	-	-	-	-	
							(0)		(0)							
CAPITAL EXPENDITURE - STANDARD																
Governance and Administration:																
Executive and Council	-	-	-	-	-	-	275,972	275,972	275,972	0.00	0.00	-	-	-	-	
Budget and Treasury Office	-	-	-	-	-	-	56,000	56,000	56,000	0.00	0.00	-	-	-	-	
Corporate Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Community and Public Safety:																
Community and Social Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Sport and Recreation	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Public Safety	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Housing	-	13,500,000	13,500,000	-	-	13,500,000	-	-	(13,500,000)	0.00	0.00	-	-	-	2,136,325	
Economic and Environmental Services:																
Planning and Development	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Road Transport	4,541,550	-	4,541,550	-	-	4,541,550	6,980,606	2,439,056	2,439,056	153.71	153.71	-	-	-	-	
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Trading Services:																
Electricity	6,635,000	(2,335,000)	4,300,000	-	-	4,300,000	3,284,981	-	(1,015,019)	76.39	49.51	-	-	-	-	
Water	-	-	-	-	-	-	10,121,125	10,121,125	10,121,125	0.00	0.00	-	-	-	-	
Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste Management	11,858,450	-	11,858,450	-	-	11,858,450	5,670,073	-	(6,188,377)	47.81	47.81	-	-	-	15,701,964	
Other:																
Tourism	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Total Capital Expenditure - Standard	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	12,892,153	(7,811,243)	77.16	114.56	-	-	-	17,838,289	
FUNDED BY:																
National Government	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	-	(7,811,243)	77.16	114.56	-	-	-	-	
Provincial Government	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
District Municipality	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Other Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Transfers Recognised - Capital	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	-	(7,811,243)	77.16	114.56	-	-	-	-	
Public Contributions & Donations	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Internally Generated Funds	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-	
Total Capital Funding	23,035,000	11,165,000	34,200,000	-	-	34,200,000	26,388,757	-	(7,811,243)	77.16	114.56	-	-	-	-	
							(0)		(0)							

APPENDIX E(5)
SIYATHEMBA MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14								2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	39,328,684	1,204,000	40,532,684	40,532,684	27,645,346	(12,887,338)	68.21	70.29	22,317,822
Government - Operating	(189,397,151)	(187,596,574)	(376,993,725)	(376,993,725)	27,739,682				33,084,605
Government - Capital	235,495,151	196,706,574	432,201,725	432,201,725	18,764,443	(413,437,282)	4.34	7.97	13,854,360
Interest	350,000	500,000	850,000	850,000	98,482	(751,518)	11.59	28.14	313,906
Payments									
Suppliers and Employees	(73,223,848)	11,213,368	(62,010,480)	(62,010,480)	(57,301,144)	4,709,336	0.00	0.00	(48,607,298)
Finance Charges	(1,376,440)	1,376,440	-	-	(669,785)	(669,785)	0.00	0.00	(1,033,635)
Transfers and Grants	(7,229,072)	7,229,072	-	-	(70,605)	(70,605)	0.00	0.00	(438,257)
NET CASH FROM / (USED) OPERATING ACTIVITIES	3,947,324	30,632,880	34,580,204	34,580,204	16,206,419	(423,107,191)	46.87	410.57	19,491,502
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	-	-	-	-	(0)	(0)	0.00	0.00	-
Decrease / (Increase) in Non-current Debtors	3,000	(3,000)	-	-	19,835	19,835	0.00	661.16	16,987
Payments									
Capital Assets	(23,035,000)	(11,165,000)	(34,200,000)	(34,200,000)	(17,986,068)	16,213,932	0.00	0.00	(18,334,198)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(23,032,000)	(11,168,000)	(34,200,000)	(34,200,000)	(17,966,233)	16,233,767	0.00	0.00	(18,317,211)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New Loans raised	-	-	-	-	-	-	0.00	0.00	-
Payments									
Loans repaid	(361,237)	361,237	-	-	(518,433)	(518,433)	0.00	0.00	(942,278)
NET CASH FROM / (USED) FINANCING ACTIVITIES	(361,237)	361,237	-	-	(518,433)	(518,433)	0.00	0.00	(942,278)
	361,237	1,639,643	2,000,880	2,000,880	465,320				877,411
NET INCREASE / (DECREASE) IN CASH HELD	19,445,913	(17,825,237)	1,620,676	1,620,676	2,225,134	604,457	137.30	11.44	(296,880)
Cash / Cash Equivalents at the Year begin:	(4,284,064)	5,905,005	1,620,941	1,620,941	1,620,941	0	100.00	0.00	1,324,061
Cash / Cash Equivalents at the Year end:	(23,729,977)	23,730,242	265	265	(604,193)	(604,457)	0.00	0.00	1,620,941

APPENDIX F
SIYATHEMBA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		
Equitable Share	Nat Treasury	8,532,000	6,601,000	6,038,000	0	(8,532,000)	(6,601,000)	(6,038,000)	0	N/A	N/A	N/A	N/A	N/A	Yes
FMG	Nat Treasury	1,650,000	0	0	0	(812,173)	(600,159)	(128,513)	(109,154)	N/A	N/A	N/A	N/A	N/A	Yes
MIG	Nat Treasury	6,794,000	3,169,000	1,837,000	0	(1,765,114)	(4,557,325)	(2,531,450)	(3,058,452)	N/A	N/A	N/A	N/A	N/A	Yes
Gotso Pula Nala	Public Works	0	0	0	0	(1,380,316)	(921,557)	(181,784)	(16,343)	N/A	N/A	N/A	N/A	N/A	Yes
Library	DSAC	0	258,000	695,000	0	(176,442)	(228,788)	(193,101)	(436,186)	N/A	N/A	N/A	N/A	N/A	Yes
DWA	DWA	1,997,110	651,314	2,415,437	336,197	(159,860)	(651,314)	(2,751,633)	0	N/A	N/A	N/A	N/A	N/A	Yes
INEP	DoE	2,400,000	0	0	0	(1,008,195)	(948,038)	(29,590)	0	N/A	N/A	N/A	N/A	N/A	Yes
MSIG	Nat Treasury	890,000	0	0	0	(769,032)	0	0	(120,968)	N/A	N/A	N/A	N/A	N/A	Yes
EPWP Incentive Grant	EPWP	400,000	300,000	300,000	0	0	(177,266)	(601,705)	(221,029)	N/A	N/A	N/A	N/A	N/A	Yes
Housing Grant	COGHSTA	0	0	1,239,634	0	0	0	(1,239,634)	0	N/A	N/A	N/A	N/A	N/A	Yes
Total Grants and Subsidies Received		22,663,110	10,979,314	12,525,071	336,197	(14,603,132)	(14,685,447)	(13,695,411)	(3,962,131)	0	0	0	0		

Reason for Non- compliance
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A

APPENDIX G
SIYATHEMBA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2014

Incumbent	Acting Allowance	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Speaker												
P. Papier	-	458,944	-	69,670	1,785	-	-	-	-	-	-	530,399
Councillor												
GP. Mackay	-	196,763	-	14,514	-	-	-	-	-	-	-	211,277
FM. Van Wyk	-	150,635	-	60,642	-	-	-	-	-	-	-	211,277
J. Molepe	-	184,637	-	26,640	-	-	-	-	-	-	-	211,277
GA. Speelman	-	184,637	-	26,640	-	-	-	-	-	-	-	211,277
E. Martin	-	162,761	-	59,850	-	-	-	-	-	-	-	222,611
G. Macdonald	-	196,763	-	14,514	-	-	-	-	-	-	-	211,277
BA. Titus	-	150,635	-	60,642	-	-	-	-	-	-	-	211,277
Total for Councillors	-	1,685,775	-	333,112	1,785	-	-	-	-	-	-	2,020,672
Municipal Manager												
JRM. Alexander	-	574,202	-	150,235	129,518	-	-	-	-	-	-	853,955
Acting Chief Financial Officer												
H. Meiring	150,000	-	-	-	-	-	-	-	-	-	-	150,000
S. Hassen	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Technical Services												
JJ. Badenhorst	-	466,700	-	111,214	108,758	-	-	-	-	-	-	686,672
Total for Senior Managers	300,000	1,040,902	-	261,449	238,276	-	-	-	-	-	-	1,840,627
Total for Management	300,000	2,726,677	-	594,561	240,060	-	-	-	-	-	-	3,861,299

30 June 2013

Incumbent	Acting Allowance	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
Speaker	R	R	R	R	R	R	R	R	R	R	R	R
P. Papier	-	366,625	-	-	95,290	-	-	-	131,217	-	-	593,132
Councillor												
GP. Mackay	-	181,371	-	-	-	-	-	-	12,396	-	-	193,767
FM. Van Wyk	-	146,748	-	-	-	-	-	-	46,989	-	-	193,737
J. Molepe	-	181,341	-	-	-	-	-	-	12,396	-	-	193,737
GA. Speelman	-	181,341	-	-	-	-	-	-	12,396	-	-	193,737
E. Martin	-	153,910	-	-	-	-	-	-	39,827	-	-	193,737
G. Macdonald	-	181,351	-	-	-	-	-	-	12,396	-	-	193,747
BA. Titus	-	136,006	-	-	-	-	-	-	57,732	-	-	193,738
Total for Councillors	-	1,528,694	-	-	95,290	-	-	-	325,348	-	-	1,949,331
Municipal Manager												
JRM. Alexander	-	124,025	-	29,309	37,380	-	-	-	-	-	-	190,713
Chief Financial Officer												
H. Nieuwenhuizen	-	688,573	-	69,750	38,259	-	-	-	-	-	-	796,582
Technical Services												
JJ. Badenhorst	-	441,250	-	98,067	105,354	-	-	-	-	-	-	644,671
Total for Senior Managers	-	1,253,848	-	197,126	180,992	-	-	-	-	-	-	1,631,966
Total for Management	-	2,782,542	-	197,126	276,282	-	-	-	325,348	-	-	3,581,298

APPENDIX H
SIYATHEMBA MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2014	2013		
1. FINANCIAL POSITION								
A. Asset Management / Utilisation								
1. Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%	Total Operating Expenditure Taxation Expense Total Capital Expenditure	22.58% 90,455,682 26,388,757	17.79% 82,406,013 17,838,289	Refer to Page 2 of MFMA Circular No 71	Dwa grant is given to the municipality increasing the amount spent.
2. Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%	PPE, Investment Property & Intangible Impairment PPE at Carrying Value IP at Carrying Value Intangible Assets at Carrying Value	0.04% 204,721 437,953,208 25,584,000 1,415,056	0.00% - 437,133,101 25,584,000 1,415,120	Refer to Page 3 of MFMA Circular No 71	Within the expected normal range, therefore no risk to service delivery.
3. Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%	Total Repairs and Maintenance Expenditure PPE at Carrying Value Investment Property at Carrying Value	0.94% 4,364,864 437,953,208 25,584,000	0.70% 3,260,399 437,133,101 25,584,000	Refer to Page 4 of MFMA Circular No 71	Risk due to the financial constraints and the implementation of the new asset register. Budgeting for the assets will be easier and more accurate.
B. Debtors Management								
1. Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%	Gross Debtors Closing Balance Gross Debtors Opening Balance Bad Debts Written-off Billed Revenue	73.82% 45,764,518 37,911,988 748,606 32,855,872	75.06% 37,911,988 31,277,021 - 26,601,715	Refer to Page 5 of MFMA Circular No 71	Low income levels as most communities are indigent. Therefore a lower income percentage.
2. Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%	Consumer Debtors Bad Debts Written-off Consumer Debtors Current Bad Debt Provision	9.44% 748,606 7,932,317	0.00% - 5,805,249	Refer to Page 5 of MFMA Circular No 71	Poor response from debtors to write off debts.
3. Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days	Gross Debtors Bad Debts Provision Billed Revenue	70 Days 45,764,518 39,507,576 32,855,872	77 Days 37,911,988 32,323,865 26,601,715	Refer to Page 6 of MFMA Circular No 71	Low income levels as most communities are indigent. Therefore a lower income percentage.
C. Liquidity Management								
1. Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months	Cash and Cash Equivalents Unspent Conditional Grants Overdraft Short-term Investments Total Annual Operational Expenditure	0 Months 800 414,178 604,993 - 65,355,319	0 Months 1,620,941 2,880,228 - - 59,518,063	Refer to Page 7 of MFMA Circular No 71	Finance constraints due to high levels of unemployment of debtors and long outstanding creditors.
2. Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1	Current Assets Current Liabilities	0.27 7,385,052 26,947,721	0.47 10,651,577 22,851,774	Refer to Page 7 of MFMA Circular No 71	Finance constraints due to high levels of unemployment of debtors and long outstanding creditors.

APPENDIX H
SIYATHEMBA MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2014	2013		
C. Liability Management								
1. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%	Interest Paid Redemption Total Operating Expenditure Taxation Expense	-0.32% 228,341 (518,433) 90,455,682 -	-0.81% 274,750 (942,278) 82,406,013 -	Refer to Page 8 of MFMA Circular No 71	Cash flow problems results in not able to finance capital cost. 4
2. Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%	Total Debt Total Operating Revenue Operational Conditional Grants	4.34% 2,687,852 83,130,957 21,171,433	4.52% 2,601,292 77,708,899 20,108,000	Refer to Page 9 of MFMA Circular No 71	
C. Sustainability								
1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%	Cash and Cash Equivalents Bank Overdraft Short Term Investment Long Term Investment Unspent Grants Net Assets Share Premium Share Capital Revaluation Reserve Fair Value Adjustment Reserve Accumulated Surplus	100.00% 800 604,993 - - 414,178 427,462,488 - - - - 427,462,488	100.00% 1,620,941 - - - 2,880,228 434,787,213 - - - - 434,787,213	Refer to Page 9 of MFMA Circular No 71	Within the norm.
2. FINANCIAL PERFORMANCE								
A. Efficiency								
1. Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%	Total Operating Revenue Depreciation - Revalued Portion Total Operating Expenditure Taxation Expense	-8.80% 83,130,957 - 90,448,112 -	-6.04% 77,708,899 - 82,406,013 -	Refer to Page 10 of MFMA Circular No 71	Within the acceptable norm
2. Net Surplus / Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	0% - 15%	Total Electricity Revenue Total Electricity Expenditure	4.03% 15,918,691 15,276,936	10.97% 14,946,376 13,306,885	Refer to Page 10 of MFMA Circular No 71	Within the acceptable norm
3. Net Surplus / Deficit Water	Total Water Revenue less Total Water Expenditure / Total Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Water Revenue Total Water Expenditure	63.32% 14,491,930 5,315,903	75.82% 18,065,576 4,367,589	Refer to Page 11 of MFMA Circular No 71	Profit on the provision of water for service delivery.
4. Net Surplus / Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure / Total Refuse Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Refuse Revenue Total Refuse Expenditure	-15.42% 2,926,282 3,377,388	-17.07% 2,720,558 3,184,966	Refer to Page 12 of MFMA Circular No 71	Loss of income for the provision of refuse. Higher tariffs to be implemented to recover losses.
5. Net Surplus / Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure / Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Sanitation and Waste Water Revenue Total Sanitation and Waste Water Expenditure	28.52% 5,828,122 4,165,818	32.98% 5,413,668 3,628,139	Refer to Page 12 of MFMA Circular No 71	Within the acceptable norm

APPENDIX H
SIYATHEMBA MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2014	2013		
B. Distribution Losses									
1.	Electricity Distribution Losses (Percentage)	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%	Number of Units Purchased and/or Generated Number of Units Sold	26.84% 13,749,699 10,059,913	17.01% 11,988,500 9,949,260	Refer to Page 13 of MFMA Circular No 71	Losses to be investigated by the municipality
2.	Water Distribution Losses (Percentage)	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%	Number of Kilolitres Purchased and/or Purified Number of Kilolitres Sold	31.41% 2,384,395 1,635,437	33.60% 2,179,992 1,447,548	Refer to Page 13 of MFMA Circular No 71	Losses to be investigated by the municipality
C. Revenue Management									
1.	Growth in Number of Active Consumer Accounts	$(\text{Period under Review's Number of Active Debtor Accounts} - \text{Previous Period's Number of Active Debtor Accounts}) / \text{Previous Number of Active Debtor Accounts} \times 100$	Debtors System	None	Number of Active Debtors Accounts (Previous) Number of Active Debtors Accounts (Current)	0.00% - -	0.00% - -	Refer to Page 14 of MFMA Circular No 71	
2.	Revenue Growth (%)	$(\text{Period under Review's Total Revenue} - \text{Previous Period's Total Revenue}) / \text{Previous Period's Total Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue (Previous) Total Revenue (Current)	6.98% 6.60% 77,708,899 83,130,957	21.48% 5.50% 63,967,578 77,708,899	Refer to Page 15 of MFMA Circular No 71	Within the acceptable norm
3.	Revenue Growth (%) - Excluding Capital Grants	$(\text{Period under Review's Total Revenue, excluding Capital Grants} - \text{Previous Period's Total Revenue, excluding Capital Grants}) / \text{Previous Period's Total Revenue, excluding Capital Grants} \times 100$	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue, excluding Capital Grants (Previous) Total Revenue, excluding Capital Grants (Current)	12.45% 6.60% 50,839,369 57,169,466	16.85% 5.50% 43,508,438 50,839,369	Refer to Page 15 of MFMA Circular No 71	Within the acceptable norm
D. Expenditure Management									
1.	Creditors Payment Period (Trade Creditors)	$(\text{Trade Creditors Outstanding} / \text{Credit Purchases (Operating and Capital)}) \times 365$	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days	Trade Creditors Contracted Services Repairs and Maintenance General Expenses Bulk Purchases Capital Credit Purchases	90 Days 12,398,756 5,861,742 4,364,864 8,374,914 13,457,492 17,986,068	83 Days 10,203,540 3,616,881 3,260,399 8,570,198 11,262,230 18,334,198	Refer to Page 16 of MFMA Circular No 71	Financial constraints hampers the payment of creditors within the legislative deadline. Management will implement tighter budget control to ensure compliance.
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	$(\text{Irregular, Fruitless \& Wasteful and Unauthorised Expenditure}) / \text{Total Operating Expenditure} \times 100$	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	Irregular, Fruitless & Wasteful and Unauthorised Expenditure Total Operating Expenditure Taxation Expense	40.46% 36,595,422 90,455,682 -	48.24% 39,753,029 82,406,013 -	Refer to Page 16 of MFMA Circular No 71	No system implemented by council to manage Irregular, Fruitless & Wasteful and unauthorised expenditure.
3.	Remuneration as % of Total Operating Expenditure	$(\text{Remuneration (Employee Related Costs and Councillors' Remuneration)}) / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%	Employee / Personnel Related Cost Councillors Remuneration Total Operating Expenditure Taxation Expense	35.95% 30,499,201 2,020,672 90,455,682 -	38.03% 29,386,042 1,949,332 82,406,013 -	Refer to Page 17 of MFMA Circular No 71	Within the acceptable norm
4.	Contracted Services % of Total Operating Expenditure	$(\text{Contracted Services} / \text{Total Operating Expenditure}) \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%	Contracted Services Total Operating Expenditure Taxation Expense	6.48% 5,861,742 90,455,682 -	4.39% 3,616,881 82,406,013 -	Refer to Page 17 of MFMA Circular No 71	High vacancy rate as well as the implementation of the Asset register resulted in an increase in amount.

APPENDIX H
SIYATHEMBA MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2014	2013		
E. Grant Dependency									
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None	Internally Generated Funds	100.00%	100.00%	Refer to Page 18 of MFMA Circular No 71	
					Borrowings	25,870,324	17,838,289		
					Total Capital Expenditure	518,433	-		
						26,388,757	17,838,289		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None	Internally Generated Funds	98.04%	100.00%	Refer to Page 18 of MFMA Circular No 71	
						25,870,324	17,838,289		
					Total Capital Expenditure	26,388,757	17,838,289		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None	Total Revenue	62.94%	60.45%	Refer to Page 18 of MFMA Circular No 71	
					Government Grant and Subsidies	83,130,957	77,708,899		
					Public Contributions and Donations	47,132,924	46,977,530		
					Capital Grants	14,912	1,500		
						25,961,491	26,869,530		
3. BUDGET IMPLEMENTATION									
A. Efficiency									
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%	Actual Capital Expenditure	77.16%	137.13%	Refer to Page 19 of MFMA Circular No 71	No proper budgeting of DWA amount.
					Budgeted Capital Expenditure	26,388,757	17,838,289		
						34,200,000	13,008,375		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%	Actual Operating Expenditure	109.57%	83.90%	Refer to Page 20 of MFMA Circular No 71	Overspending due to some line items that are not actual cash, eg. Depreciation.
					Budgeted Operating Expenditure	90,455,682	82,406,013		
						87,334,610	98,220,497		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%	Actual Operating Revenue	86.07%	89.04%	Refer to Page 20 of MFMA Circular No 71	Finance constraints due to high levels of unemployment of debtors and long outstanding creditors.
					Budgeted Operating Revenue	83,130,957	77,708,899		
						96,590,197	87,271,297		
4.	Service Charges and Property Rates Revenue Budget Implementation Indicator	(Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%	Actual Service Charges and Property Rates Revenue	90.53%	75.88%	Refer to Page 21 of MFMA Circular No 71	Finance constraints due to high levels of unemployment of debtors and long outstanding creditors.
					Budgeted Service Charges and Property Rates Revenue	32,214,716	26,005,015		
						35,582,779	34,271,490		
Interpretation of Results: The green colour indicates that the result is within the norm and is acceptable. The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results. Data should be captured in the blue coloured cell to calculate a ratio. # In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.									